23

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2017-18)

SIXTEENTH LOK SABHA

MINISTRY OF PETROLEUM & NATURAL GAS

DEMANDS FOR GRANTS (2018-19)

TWENTY THIRD REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

March, 2018 / Phalguna, 1939 (Saka)

C&PNG NO. 101

TWENTY THIRD REPORT

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2017-18)

(SIXTEENTH LOK SABHA)

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DEMANDS FOR GRANTS (2018-19)

Presented to Lok Sabha on 13.03.2018

Laid in Rajya Sabha on 13.03.2018

LOK SABHA SECRETARIAT
NEW DELHI

March, 2018 / Phalguna, 1939 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2017-18)

LOK SABHA

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3	Dr. Ravindra Babu Pandula
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6	Smt. Rama Devi
7	Shri V. Elumalai
8	Shri Naranbhai Kachhadiya
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10	Smt. Pratima Mondal
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14	Shri Arvind Sawant
15	Shri Raju Shetti
16	Dr. Bhola Singh (Begusarai)
17	Shri Ravneet Singh Bittu
18	Shri Rajesh Verma
19	Shri Om Prakash Yadav
20	Shri Laxmi Narayan Yadav
21	Shri Santosh Kumar

RAJYA SABHA

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23	Shri Om Prakash Mathur
24	Smt. Ranee Narah
25	Shri Bhaskar Rao Nekkanti
26	Shri Narayan Lal Panchariya
27	Shri Ahmed Patel
28	Shri V. Lakshmikantha Rao
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30	Shri A. Vijayakumar
31	Ch. Sukhram Singh Yadav

SECRETARIAT

1	Shri A.K.Singh	Additional Secretary
2	Dr. Ram Raj Rai	Director
3	Shri H. Ram Prakash	Additional Director
4	Shri Mohan Arumala	Committee Officer

INTRODUCTION

I, the Acting Chairperson, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee on their behalf, present this Twenty Third Report on „Demands for Grants (2018-19) of the Ministry of Petroleum & Natural Gas".

2. The Committee took evidence of the representatives of the Ministry of Petroleum & Natural Gas at their sitting held on 21.02.2018.

3. The Report was considered and adopted by the Standing Committee on Petroleum and Natural Gas on 08.03.2018 with the undersigned in the Chair, having been elected under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha for that sitting. I was authorised by the Committee under proviso to Rule 277(3) of the Rules of Procedure and Conduct of Business in Lok Sabha to sign and present this Report on their behalf.

4. The Committee wish to express their thanks to the representatives of the Ministry of Petroleum and Natural Gas for furnishing the material and information in connection with the examination of Demands for Grants (2018-19) of the Ministry and for giving evidence before the Committee.

5. The Committee also place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

New Delhi;
***9 March*, 2018**
18 Phalguna, 1939 (Saka)

ARVIND SAWANT,
Acting Chairperson,
Standing Committee on
Petroleum & Natural Gas.

REPORT

PART - I

Introductory

Energy security has become essential for economic development of the country. The country's ever increasing population and fast expanding economy with the shift in focus from agriculture sector to manufacturing and service sectors has resulted in an unprecedented demand for energy resources. This energy demand is bound to rise with social and economic development in the country. Further, declining oil reserves, uncertainty over future oil supply, fluctuations in global oil prices and growing concerns over climate change have further compounded apprehensions of the country with regard to its energy security. India is the third largest consumer of energy in the world after China and USA. Currently, the country is dependent on imports for about 82.1% of its crude oil requirement and to the extent of about 44.4% in case of natural gas. As a result, a large amount of foreign exchange of the country goes for footing crude oil and LNG import bill to meet rising energy needs. In order to bridge the gap between energy supply and demand, it has become imperative to accelerate exploration and production activities for overall economic development of the country.

Energy Security of the country

1.2 India's energy security is primarily about ensuring continuous availability of commercial energy at competitive prices to support its economic growth and meet the energy needs of households with safe, clean and affordable forms of energy. Keeping in view the vast and ever increasing energy requirements of the economy, several initiatives have been taken for increasing production and exploitation of all domestic petroleum resources.

Mandate of the Ministry

1.3 The mandate of the Ministry of Petroleum and Natural Gas is given in Annexure-I.

1.4 The details of PSUs, Organisations and Boards that are functioning under the administrative control of the Ministry is provided in Annexure-II.

A. Budgetary Allocations

1.5 Total budget allocated to the Ministry of Petroleum and Natural Gas during 2018-19 is Rs. 31100.55 crore. Provisions in BE 2017-18 and RE 2017-18 are Rs. 36157.57 crore and Rs. 33195.43 crore respectively. Expenditure made during the first three quarters of 2017-18 is Rs. 33163.30 crore.

Scheme-wise details (Actual 2016-17, BE/RE 2017-18, Expenditure made during the first three quarters of 2017-18 and BE 2018-19) are given in a Statement given below:

(Rs. in crore)

	Actual 2016-17		BE 2017-18		Actuals till Dec. 2017		RE 2017-18		BE 2018-19	
	Plan	Non-Plan	Revenue	Capital	Revenue	Capital	Revenue	Capital	Revenue	Capital
Centre"s Expenditure										
1.Establishment Expenditure										
Secretariat Economic Service	0.00	29.47	30.99	0.00	24.13	0.00	33.92	0.00	32.45	0.00
II. Central Sector Schemes										
1.DBT for LPG	0.00	13000.00	13097.13	0.00	13097.13	0.00	13097.13	0.00	16477.80	0.00
2.Other subsidy payable including NE Region (Domestic Natural Gas)	0.00	3178.00	454.00	0.00	282.39	0.00	282.39	0.00	608.00	0.00
3.Project Management Expenditure	0.00	0.00	25.00	0.00	25.00	0.00	25.00	0.00	92.00	0.00
4.DBT for Kerosene	0.00	0.01	150.00	0.00	34.25	0.00	34.25	0.00	96.00	0.00
5.Other subsidy payable including NE Region (Kerosene)	0.00	8780.70	8661.87	0.00	8661.87	0.00	8661.87	0.00	4200.00	0.00
6.LPG connection to Poor Households (PMUY)	2500.00	0.00	2500.00	0.00	2251.81	0.00	2251.81	0.00	3200.00	0.00
7.ISPRL (crude filling) Phase-I	2001.00	0.00	0.00	2499.00	0.00	1121.28	0.00	1121.28	0.00	700.00
8.ISPRL (construction of caverns) Phase-II	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00

9.ISPRL (O&M) expenses	0.00	29.50	79.00	0.00	19.93	0.00	19.93	0.00	80.00	0.00
10.Phulpur-Dhamra-Haldia Pipeline Project	450.00	0.00	0.00	1200.00	0.00	400.00	400.00	0.00	1674.00	0.00
11.National Seismic Programme	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9.73	0.00	1300.00
III.Other Central Expenditure										
1.PNGRB	0.00	15.23	18.34	0.00	12.29	0.00	18.34	0.00	18.37	0.00
2.SFPL	0.00	1.71	2.69	0.00	1.31	0.00	2.33	0.00	2.42	0.00
3.RGIPT	100.00	0.00	135.10	0.00	121.75	0.00	121.75	0.00	0.00	0.00
4.Centre of Excellence for Energy, Assam	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00	0.00
5.Centre of Excellence for Energy, Bangalore	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00	0.00
6.IIPE Visakhapatnam	32.00	0.00	0.00	145.20	0.00	0.00	1.00	0.00	32.00	0.00
B. Transfer to States										
IV. Centrally Sponsored Schemes										
V. Finance Commission Transfers										
VI. Other Transfers to States										
1.Grant in Aid to State Govts.for establishment of institutional mechanism for direct transfer of subsidy in cash for PDS Kerosene Beneficiaries	0.00	0.00	4.00	0.00	0.00	0.00	2.40	0.00	4.00	0.00
2. .Grant in Aid to U.T. Govts.for establishment of institutional mechanism for direct transfer of subsidy in cash for PDS Kerosene Beneficiaries	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00
3.Cash incentive to State Govts. for Kerosene Distribution Reforms	0.00	80.00	105.00	0.00	105.00	0.00	105.00	0.00	252.00	0.00
4.Cash incentive to U.T. Govts.	0.00	0.00	2.00	0.00	0.63	0.00	0.63	0.00	2.00	0.00

for Kerosene Distribution Reforms										
5.Payment of Differential Royalty to State Governments	0.00	34.92	7044.25	0.00	7004.67	0.00	7004.67	0.00	2325.51	0.00
Total:	5083.00	25149.54	32310.37	3847.20	31642.16	1521.28	32064.42	1131.01	29099.55	2001.00

1.6 The total budget expenditure under capital section for 2017-18 of Rs. 3,847.20 crore has been revised to Rs. 1,534.01 crore at RE stage. Moreover, in BE 2018-19, Rs. 3,709.00 crore has been allocated for the Capital Expenditure. On being asked about the reasons for such significant downward revision in capital section at RE stage in 2017-18 and the significant increase in Budget Estimates of 2018-19 simultaneously, the Ministry replied as under:

"Total allocation in BE 2017-18 and 1st Supplementary for 2017-18 for the Ministry of Petroleum and Natural Gas (Demand No.72) is Rs.36157.57 (Rs.29157.57 crore in BE 2017-18 and Rs.7000.00 crore in 1st Supplementary, 2017-18) which included Rs.3847.20 crore in Capital Section of the Grant. This Ministry had projected requirement of Rs.51225.93 crore and Rs.34012.15 crore for RE 2017-18 and BE 2018-19 respectively. However, the Ministry of Finance conveyed ceiling to the tune of, Rs. 33195.43 crore and Rs. 31100.55 crore for RE 2017-18 and BE 2018-19 respectively. Thus, there is reduction of Rs.2962.14 crore in RE 2017-18 as compared to funds already provided in BE 2017-18 and 1st Supplementary for 2017-18.This fund (Rs.2962.14 crore) is to be surrendered in terms of the ceiling conveyed by the Ministry of Finance for RE 2017-18.

Out of allocated budget of Rs.3847.20 crore provided in Capital Section of the Grant in BE 2017-18, expenditure till the ceiling conveyed by the Ministry of Finance for RE 2017-18, was Rs.1521.28 crore (Rs.1121.28 crore in respect of scheme ISPRL (Crude filling) phase-I & Rs.400.00 crore in respect of Phulpur-Dhamra-Haldia Pipeline Project). Hence, the scope of surrender of budget comes from the available funds only i.e Capital Section of the Grant. Taking into account the expenditure trend, there was limited scope for surrender of budget from the Revenue Section, as allocated funds were duly utilized. Hence, out of amount of Rs.2962.14 crore to be surrendered, Rs.2321.92 crore was surrendered from the Capital Section of the Grant.

In so far as provision for 2018-19 is concerned, for the schemes, under the Capital Section of the Grant, a provision of Rs.700.00 crore was made for the Scheme ISPRL (Crude filling) Phase-I and Rs. 1300.00 crore for new scheme approved by the Cabinet i.e National Seismic Programme has been made, taking the Capital Expenditure to Rs 2001.00".

1.7 The Committee note that the allocation for Revenue Expenditure has been reduced by more than Rs. 4,000 crore in BE 2018-19 as compared to much reduced

Revenue Expenditure under RE 2017-18. When asked to explain the substantial variation in Revenue Expenditure, the Ministry stated as under:

> "Total allocation of RE 2017-18 in Revenue Section of the Grant is Rs.32064.42 crore including the additional funds of Rs.7000.00 crore provided in 1st Supplementary Demands for Grants for 2017-18 (against the request of Rs.10613.38 crore) for meeting expenditure towards Grants-in-aid General to State Governments for the payment of a committed liability arising out of agreement with States on outstanding amount under the scheme "Payment of Differential Royalty to State Governments" as special assistance.
>
> Allocation in BE 2018-19 in Revenue Section of the Grant (Rs.29099.55 crore) is based on the ceiling conveyed by the Ministry of Finance for BE 2018-19 for the Ministry of Petroleum and Natural Gas (Demand No.72).
>
> Thus, it can be seen that variation of Rs2964.87 crore is mainly due to additional fund of Rs. 7000.00 crore provided in 1st Supplementary Demands for Grants for 2017-18. In BE 2018-19, a fund of Rs. 2325.51 crore has been provided for the scheme "Payment of Differential Royalty to State Governments" against the projected requirement of Rs.2566.65 crore".

1.8 The Committee note that the total BE for 2017-18 was Rs. 29,157.57 crore which was enhanced to Rs. 33,195.43 crore at RE stage. The BE for 2018-19 has been kept at Rs. 31,100.55 crore. When enquired about the justification for the enhancement of Budget at RE 2017-18 stage and again reduction at BE 2018-19, the Ministry reasoned out as under:

> "In 1st Supplementary Demands for Grants 2017-18, additional fund of Rs. 7000.00 crore was provided for meeting expenditure towards Grants-in-aid General to State Government for the payment of outstanding amount under the scheme "Payment of Differential Royalty to the State Governments" as special assistance. Thus, the allocation was raised to Rs. 36157.57 crore (Rs. 29157.57 crore in BE 2017-18 + Rs. 7000.00 crore provided in 1st Supplementary, 2017-18) for the Ministry of Petroleum and Natural Gas (Demand No.72).
>
> For RE 2017-18, this Ministry had projected requirement of Rs. 51225.93 crore against the approved allocation of Rs. 36157.57 crore. The additional fund in RE 2017-18 was required, mainly to clear claims pertaining to DBTL, Other subsidy payable including NE Region (Kerosene) and committed expenditure related to payment of outstanding amount to State Governments under the scheme "Payment of Differential Royalty to State Governments".
>
> However, Ministry of Finance conveyed ceiling for RE 2017-18 to the tune of Rs. 33115.43 crore only resulting in reduction of Rs. 2962.14 crore in RE 2017-18 as compared to already approved allocation of Rs. 36157.57 crore. Thus, this is a case of reduction of Budget in RE 2017-18 and not the enhancement of the Budget.

For BE 2018-19, this Ministry had projected requirement of Rs.34012.15 crore. Ministry of Finance conveyed ceiling for BE 2018-19 to the tune of Rs.31100.55 crore".

B. Central Sector Schemes

(i) Pradhan Mantri Ujjwala Yojana (PMUY) - LPG connection to poor households

1.9 The Committee note that the total allocation in LPG connections to poor households (LPG subsidy) has witnessed variations in BE 2017-18, RE 2017-18 and BE 2018-19. When asked to furnish the reasons for the same, the Ministry submitted the following information:

"Fund of Rs.2500.00 crore was allocated in BE 2017-18 for the scheme "LPG connections to poor households (PMUY)". For RE 2017-18, this Ministry had projected requirement of Rs.3434.00 crore against Rs. 2500.00 crore provided in BE 2017-18. In view of reduction in Budget to the tune of Rs.2962.14 crore in RE 2017-18, the provision for this scheme had to be restricted to Rs.2251.81 crore i.e. the amount already released by the time the ceiling for RE 2017-18 was conveyed by the Ministry of Finance.

For BE 2018-19, this Ministry had projected requirement of Rs.3200.00 crore. As per the ceiling conveyed by the Ministry of Finance for BE 2018-19, allocation of Rs.3200.00 crore has been made for the scheme "LPG connection to poor households (PMUY)".

1.10 When asked to furnish the target set and actual number of beneficiaries since the launch of the scheme under PMUY in 2017-18, the Ministry in a written reply submitted as under:

"Details of targets fixed, achieved, fund allocated and fund released during Financial Year 2017-18, are as under :-

Financial Year	Target connections (in crore)	Connections released (in crore)	Budget Estimates (Rs. in crore)	Fund released (Rs. in crore)
2017-18	1.5	3.26 (as on 31.12.2017)	2500	2251 (as on 31.12.2017)

States/UTs-wise and Company-wise LPG connections released under PMUY as on 31.12.2017 is as below:-

LPG connections released under PMUY as on 31.12.2017					
S.No	**States/Uts**	**BPC**	**HPC**	**IOC**	**Total**
1	Andaman and Nicobar Islands	-	-	1,697	1,697
2	Andhra Pradesh	21,211	29,667	28,913	79,791

3	Arunachal Pradesh	5	-	4,079	4,084
4	Assam	1,15,902	66,358	4,68,141	6,50,401
5	Bihar	12,44,796	13,51,042	19,35,289	45,31,127
6	Chhattisgarh	3,24,328	5,29,228	9,12,239	17,65,795
7	Dadra and Nagar Haveli	-	11,437	-	11,437
8	Daman and Diu	60	141	-	201
9	Delhi	1	518	-	519
10	Goa	271	612	95	978
11	Gujarat	2,82,367	3,45,307	6,08,421	12,36,095
12	Haryana	1,06,465	88,941	1,50,090	3,45,496
13	Himachal Pradesh	6,537	5,229	11,966	23,732
14	Jammu and Kashmir	48,693	2,11,715	98,458	3,58,866
15	Jharkhand	1,98,053	3,00,069	5,18,405	10,16,527
16	Karnataka	1,99,427	2,59,190	3,45,756	8,04,373
17	Kerala	2,607	8,512	18,910	30,029
18	Lakshadweep	-	-	108	108
19	Madhya Pradesh	8,18,295	7,91,912	14,33,966	30,44,173
20	Maharashtra	5,79,234	7,00,080	4,30,074	17,09,388
21	Manipur	-	-	21,888	21,888
22	Meghalaya	2,669	-	20,268	22,937
23	Mizoram	-	-	579	579
24	Nagaland	591	51	6,505	7,147
25	Odisha	4,89,326	6,17,895	7,93,990	19,01,211
26	Puducherry	561	1,463	161	2,185
27	Punjab	1,24,655	84,610	1,55,263	3,64,528
28	Rajasthan	7,12,199	6,69,545	10,84,878	24,66,622
29	Sikkim	-	-	552	552
30	Tamil Nadu	1,86,458	2,48,625	4,35,366	8,70,449
31	Telangana	2	35	4	41
32	Tripura	-	-		

				30,721	30,721
33	Uttar Pradesh	18,54,376	14,07,710	30,86,000	63,48,086
34	Uttarakhand	37,647	21,307	74,029	1,32,983
35	West Bengal	12,12,796	11,59,696	24,44,903	48,17,395
	Total	**85,69,532**	**89,10,895**	**151,21,714**	**326,02,141**

1.11 The details of funds allocated and the utilization thereof alongwith the number of beneficiaries for the purpose (OMC wise):

"Budget Estimates for the Financial Year 2017-18 under PMUY Head is Rs. 2500 crore. The Government has re-imbursed Rs. 2251 crore to OMCs in lieu of release of LPG connections under the Scheme. As on 31.12.2017, OMCs have released more than 3.26 crore LPG connections under the Scheme. OMC-wise details are as under-

OMCs	Connections released PMUY as on 31.12.2017 (crore)
IOC	1,52,21,714
BPC	85,69,532
HPC	89,10,895
Total	**3,26,02,141**

1.12 On being asked about the arrangements made regarding LPG distributorships to ensure the uninterrupted supply of gas cylinders to the new consumers particularly in rural areas, the Ministry submitted as under:

"As on 01.01.2018, there are 19,469 LPG distributors operating in the country. There are 11,696 distributors under Rurban, Rural & Durgam Kshetriya Vitraks catering mainly in the rural areas. Further, with a view to strengthen LPG distribution infrastructure especially in rural areas to ensure uninterrupted supply of gas to the new consumers, OMCs have recently advertised 6,149 locations, for setting up of LPG distributorships across the country and the Government has also approved setting up of 115 Durgam Kshetriya Vitraks (DKVs) through different State Governments / Organisations".

1.13 On being asked about the state-wise and company-wise detail regarding total number of LPG distributorships in the country as on date, new LPG distributorship that have been opened during the last one year and the net increase in the number of LPG consumers in the country during the last one year, the Ministry submitted the following information:

"(i) The total number of LPG distributorships in the country as on 01.01.2018 is as follows:

OMC	Total LPG distributorships as on 01.01.2018
IOC	9911
BPC	4868
HPC	4690
TOTAL	**19469**

(ii) New LPG distributorships opened during 2016-17 & 2017-18 (upto Dec"17)

OMC	New LPG distributors commissioned during 2016-17	New LPG distributors commissioned during 2017-18 (upto Dec'17)
IOC	437	355
BPC	205	186
HPC	254	159
Total	**896**	**700**

As on 01.01.2018, there are 21.86 crore LPG consumers in the country. OMCs have released 2,67,93,682 new LPG connections during the calendar year 2017".

1.14 When the Committee asked as to whether that LPG Distributors charge extra amount from household beneficiaries on each cylinder, the Ministry stated in the written reply as under:

"Urban, Rurban and Gramin distributorships are under instructions to make mandatory home delivery of LPG. In case, no home delivery is made, Cash and Carry rebate is made available to the consumer. OMCs have reported 71 established cases of overcharging during 2017-18 (Upto September, 2017) and in all established cases of overcharging, action has been taken by the OMCs under the applicable Marketing Discipline Guidelines (MDG)/distributorship agreement against the erring distributorship".

1.15 When asked as to whether OMCs have undertaken any study to know the refilling of LPG cylinders provided to beneficiaries under this scheme, the Ministry stated as under:

"As per the refill consumption pattern of PMUY consumers who have completed one year from the date of release of connection, their per capita consumption per year is found to be around 4.07 cylinders (of 14.2 kg) per annum".

1.16 The Committee noted the announcement by the Government for providing eight crore LPG connections to women Below Poverty Line households by 2019. When asked about the plan for achieving the same, the Ministry submitted as under:

"Under Pradhan Mantri Ujjwala Yojana, an initial target of 5 crore LPG connections was fixed which has now been enhanced to 8 crore. Oil Marketing Companies(OMCs) have already released more than 3.38 crore LPG connections under the Scheme. Presently, beneficiaries are identified through SECC List. To achieve the enhanced target of 8 crore, in addition to beneficiaries identified through SECC list, it has been proposed to expand the scheme covering all SC/STs households beneficiaries of Pradhan Mantri Awas Yojana (PMAY) (Gramin), Antyoday Anna Yojana(AAY), Forest dwellers, Most Backward Classes (MBC), Tea & Ex-Tea Garden Tribes, people residing in Islands and rivers etc. having no LPG connection.

It is proposed to cover 5 crore households by December, 2018 and 8 crore households by 2019-20".

(ii) Under recoveries of oil PSUs

1.17 On being asked about the total subsidy incurred under sale of subsidized LPG cylinders to customers during the last three years and the amount of subsidy being provided on domestic LPG cylinders during this period, the Ministry submitted the following information:

"The total subsidy/under-recovery on sale of subsidized LPG cylinders to customers during the last three year and current year is given as under:-

Rs. in crore				
Particulars	**2014-15**	**2015-16**	**2016-17**	**April 2017 to September 2017**
Total Subsidy/Under recovery	40,569	22,029	15,419	7,527

1.18 When asked to furnish details of the subsidy being provided presently per cylinder of LPG and per litre of PDS Kerosene and the under recovery being borne by OMCs and by the Government, the Ministry submitted as under:

"The details of subsidy provided to the consumer per cylinder of LPG and per litre of PDS Kerosene as on 01.01.2018 is given below:

Product	Subsidy/under-recovery	Remarks
Domestic LPG	Rs. 245.36 (per 14.2 kg cylinder)	At Delhi
PDS Kerosene	Rs. 12.18 (per litre)	At Mumbai

No under-recovery has been borne by the OMCs and the entire under-recovery/subsidy is being compensated by the Government during F.Y. 2016-17 and current F.Y 2017-18 (April-September, 2017)".

(iii) Cash Incentive for Kerosene Distribution Reforms and DBTK

1.19 The Committee note that the total allocation in cash incentives from Kerosene Distribution Reforms has been increased from Rs. 105.63 crore in RE 2017-18 to Rs. 254.00 crore in BE 2018-19. On being asked to furnish the reasons for the same, the Ministry submitted the following:

> "The Direct Benefit Transfer in PDS Kerosene (DBTK) Scheme was launched with effect from 01.04.2016, to initiate reforms in Allocation and Distribution of Public Distribution System (PDS), Superior Kerosene Oil (SKO) distribution system, to stop pilferage of subsidy and to reduce the outflow of Central subsidy on kerosene to States / Union Territories (UTs) to a realistic level. Under the Scheme, PDS Kerosene is sold to the identified beneficiaries at non-subsidized rates and the applicable subsidy is directly transferred into the bank account of the beneficiaries. Implementation of DBTK is envisaged to result in better subsidy management and in reducing expenditure on subsidy by curbing diversion of subsidized kerosene.
>
> The Scheme is two pronged i. States/UTs are encouraged to join DBTK Scheme by either opting for Direct Benefit Transfer (DBT) or taking voluntary cuts in their annual PDS Kerosene allocation and get financial benefits or to opt for the both. The States of Karnataka, Haryana, Telangana, Nagaland, Bihar, Gujarat and Goa have responded favourably by undertaking voluntary cut in their PDS SKO allocation. More and more states are joining in this DBTK scheme by surrendering their allotted quantity of kerosene and thus consuming less kerosene. Based on assessment by the Admin Division, this Ministry had projected requirement of Rs. 292.00 crore for this scheme in RE 2017-18. However, due to reduction in overall budget (by Rs. 2962.14 crore)in RE 2017-18, allocation for this scheme has been restricted to Rs. 105.63 crore i.e. the amount that had already been released by then.
>
> As more States are willing to join the Scheme by taking voluntary cuts, this Ministry had projected requirement of Rs. 254.00 for BE 2018-19. Keeping in view Governments commitment to this scheme, this provision was made within the overall ceiling conveyed by the Ministry of Finance".

1.20 When asked to furnish the details of current status of the DTCK scheme, the Ministry provided following details:

> "The Ministry of Petroleum & Natural Gas has launched Direct Benefit Transfer in PDS Kerosene (DBTK) Scheme with effect from 01.04.2016. Superior Kerosene Oil (SKO) distribution system and to stop pilferage of subsidy and to reduce the outflow of Central subsidy thereof.
>
> Effective 1st October, 2016, „Direct Benefit Transfer in PDS Kerosene Scheme 2016" (DBTK) was implemented in 4 districts in Jharkhand State. This scheme was extended to another 6 districts effective 1st April, 2017 and effective 1st July, 2017, Jharkhand became the first State in the country to implement DBTK

> in all the districts of the State. Karnataka, Haryana, Telangana, Nagaland, Bihar, Gujarat and Goa have responded favourably by undertaking voluntary cut in their PDS SKO allocation. Further, the UTs of Delhi, Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry have become „Kerosene Free". The States of Haryana, Punjab and Andhra Pradesh have also become „Kerosene Free".
>
> Since the consent of States/UTs is critical in implementation of DBTK, Ministry of Petroleum & Natural Gas is regularly following up with the States/UTs and is requesting them to join DBTK Scheme either by opting for Direct Benefit Transfer (DBT) or taking voluntary cuts in their annual PDS Kerosene allocation or to opt for the both.
>
> The total claim under the Scheme for the year 2016-17 was Rs. 11 crore and for the period April-September, 2017 was Rs. 24 crore".

1.21 When enquired about the status of implementation of DBT in PDS Kerosene all over the country, the Ministry stated as under:

> "Jharkhand has become the first State in the country to implement DBTK in all the districts of the State. The States of Karnataka, Haryana, Telangana, Nagaland, Bihar, Gujarat and Goa have responded favourably by undertaking voluntary cut in their PDS SKO allocation. Further, the UTs of Delhi, Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry have become Kerosene Free and all the remaining UTs are also likely to become Kerosene Free shortly. The State(s) of Haryana, Punjab and Andhra Pradesh have also become Kerosene Free.
>
> Since the consent of States/UTs is critical in implementation of DBTK, Ministry of Petroleum & Natural Gas is regularly following up with the States/UTs and is requesting them to join DBTK Scheme by either opting for Direct Benefit Transfer (DBT) or taking voluntary cuts in their annual PDS Kerosene allocation and get financial benefits or to opt for the both".

1.22 It has been learnt that the Kerosene subsidy payable including in NE region has been fixed at Rs. 4,200 crore in BE 2018-19 against Rs. 8,661.87 crore in RE 2017-18. On being asked about the reasons for low allocation, the Ministry submitted as under:

> "The RE 2017-18 was Rs. 8661.87 crore which includes a payment of Rs. 5269 crore pertaining to year 2016-17. The BE 2018-19 has been pegged down to Rs. 4200 crore, which include a payment of Rs. 1755 crore pertaining to year 2017-18 due to following reasons:
>
> (i) The Government continues to modulate the RSP of PDS Kerosene. Effective 1st July, 2016, the Government had authorized PSU OMCs to increase the issue price of PDS SKO by Rs.3.23/Litre in a period of 8 months (within a slab of Rs. 0.25/Litre per month/Fortnight excluding state taxes) till 1st Feb, 2017. Further, the Government had authorized PSU OMCs to increase the RSP of PDS Kerosene by Rs. 0.25 per litre (excluding state taxes) per fortnight from

1st April, 2017. PSU OMCs have increased the RSP of PDS Kerosene by Rs 0.25 per litre on fortnight basis from 1st April, 2017 to 30th September, 2017. The RSP has further been increased by Rs. 0.25 per litre on fortnight basis from 1st January, 2018.

(ii) Also, PDS SKO allocation to States/UTs is being rationalized/reduced continuously and more and more States/UTs are voluntarily surrendering their allocated PDS Kerosene resulting in less utilization of PDS SKO which in turn has brought down the subsidy burden".

(iv) <u>Indian Strategic Petroleum Reserves Limited (ISPRL)</u>

1.23 Asked to furnish details about the status of phase-I of the building and commissioning of strategic caverns in Visakhapatnam, Mangalore and Padur, funds allocated for the year 2018-19 and previous two years, the Ministry submitted details as under:

"**Status of Phase-I projects**: Under Strategic Petroleum Reserve (SPR) project Phase-I, underground rock caverns for storage of 5.33 MMT of crude oil at three locations, viz. Vishakhapatnam (1.33 MMT), Mangalore (1.50 MMT) and Padur (2.5 MMT) have been created. The cavern storage facility at Visakhapatnam was commissioned in July, 2015 and the 1.03 MMT compartment has been filled with crude oil through the Gross Budgetary Support (GBS). The 0.3 MMT compartment, is being used by HPCL on a regular basis for their refinery use. The cavern storage facility at Mangalore has also been commissioned in October, 2016. One of the two caverns at Mangalore has been filled with crude oil (0.82 MMT) through funds allocated under Gross Budgetary Support (GBS). On 25 January 2017, ISPRL signed a Definitive Agreement on Oil Storage and Management with Abu Dhabi National Oil Company (ADNOC) for filling the other cavern with a capacity of 0.81 MMT. The storage facility at Padur has been mechanically completed in December, 2017 and pre-commissioning checks are in progress.

For construction of the strategic storages, funds were provided by the Oil Industry Development Board (OIDB) for setting up of the Strategic Petroleum Reserve (SPR) facilities at Vishakhapatnam, Mangalore and Padur. An expenditure of Rs. 4098.35 crore has been incurred on creating SPR facilities. For filling of crude oil in these SPR facilities, Cabinet approved Rs. 4948 crore storages of which following allocations have been made in the last two Financial Years as per details below:

(Amount in Rs. crore)

Heads	BE (2016 – 17)	RE (2016 – 17)	**Actual Expenditure (2016-17)**	BE (2017-18)	RE (2017 – 18)	**Actual Expenditure (2017-18 till now)**	**BE (2018-19)**
For procurement of crude oil	1	2001	2001	2499	1121.28	1121.28	700

O & M of the facilities	1	45	29.50	79	19.93	19.93	80

1.24 With regard to the current status on the phase-II of the strategic caverns, the Ministry submitted as under:

"ISPRL was entrusted with the responsibility of preparing Detailed Project Reports (DPRs) for 12.5 MMT of Strategic Storage of Crude oil in Phase-II at four locations. The locations identified were Chandikhol (3.75 MMT), Bikaner (3.75 MMT), Rajkot (2.5 MMT) and Padur (2.5MMT). The DFRs were prepared and based on these MoP&NG moved a proposal for the consideration of the Expenditure Finance Committee (EFC).

The proposal for Phase II projects was considered by the Expenditure Finance Committee on 29th July 2016. After detailed deliberations only two of the four locations were recommended by EFC i.e. Chandikhol (4.4 MMT) and Bikaner (5.6 MMT). Subsequently, a committee under the chairmanship of CEO, NITI Aayog was constituted to examine the possibility of developing the two proposed SPR facilities on PPP basis in collaboration with the private sector and/or foreign oil companies/sovereign wealth funds etc. as combined commercial-cum-strategic reserve.

The Committee in its final Report (July 2017) noted that Bikaner was not conducive for commercial utilization as it will be a salt leached cavern and it was decided to construct SPR facilities at Chandikhol and Padur under Phase-II with 4 MMT and 2.5 MMT capacities.

A draft Cabinet note has been circulated on 04.01.2018 for comments / views from Ministries".

1.25 When asked to furnish a note on the financing of crude oil storage in strategic caverns and the status of negotiations with foreign countries/companies for filling of the three strategic storage caverns, the Ministry submitted as under:

"For funding these strategic reserves, CCEA decided that against the 12th Plan Outlay of Rs. 4948 crore under GBS Scheme of MoPNG for storage of crude oil by ISPRL, the entire cost of filling the crude oil in Vishakhapatnam cavern would be met by the Government. The balance amount would be used for filling up strategic part of the caverns being constructed at Mangalore and Padur. The cavern-wise actual cost of crude oil is tabulated below:

Cavern	Rs in Crore
Visakhapatnam	2521
Mangalore	1753
TOTAL	**4274**

SPR facilities at Vishakhapatnam and one of the two caverns at Mangalore SPR facility have been filled with crude oil utilizing funds allocated under GBS to MoPNG.

The second cavern at Mangalore SPR facility is proposed to be filled by Abu Dhabi National Oil Company (ADNOC) of UAE. In this regard, a definitive agreement on storage and management of crude was signed between ISPRL and ADNOC on 25 January 2017".

1.26 The Committee noted that the total allocation for strategic oil reserves was kept at Rs. 2,579.00 crore at BE 2017-18 and at RE 2017-18 it has been revised to Rs. 1,141.21 crore. When asked to furnish the reasons for such downward revision in allocation of such important project, the Ministry stated as under:

"In respect of ISPRL (Crude filling) Phase-I, ISPRL (O&M) and ISPRL (Construction of caverns) Phase II, allocations in BE 2017-18 were Rs. 2499.00 crore, Rs. 79.00 crore and Rs.1.00 crore respectively (Total: Rs. 2579.00 crore).

However, For RE 2017-18, Ministry of Finance conveyed ceiling in respect of this Ministry (Demand No.72) to the tune of Rs. 33115.43 crore only resulting in reduction of Rs. 2962.14 crore in RE 2017-18 as compared to already approved allocation of Rs. 36157.57 crore.

Out of allocated budget of Rs. 2579.00 crore provided for Strategic Oil Reserves in BE 2017-18, fund of Rs. 1141.21 crore [Rs. 1121.28 crore in respect of ISPRL (crude filling), Rs. 19.93 crore in respect of ISPRL (O&M) and Nil in respect of ISPRL Phase II] was released by the time ceiling for RE 2017-18 was conveyed by Ministry of Finance. Keeping in view the reduction in Budget for RE 2017-18 (to the tune of Rs. 2962.14 crore), allocations in respect of Strategic Oil Reserves in RE 2017-18, had to be restricted to Rs. 1141.21 crore, the fund already released by then".

1.27 For 2018-19 an allocation of Rs. 781.00 crore has been made at BE stage. When sought to know about the reasons for such small allocation for this purpose, the Ministry submitted the following information:

"Allocation in BE 2017-18 for the scheme ISPRL (crude filling) Phase I, was Rs. 2499.00 crore. For RE 2017-18, this Ministry had projected requirement at the same level i.e. Rs.2499.00 crore. There was no requirement of fund in BE 2018-19 for this scheme. However, since the allocation has been restricted at Rs.1121.28 crore in RE 2017-18, a fund of Rs.700.00 crore has been allocated in BE 2018-19 for this scheme taking into consideration overall ceiling conveyed by the Ministry of Finance for BE 2018-19. Rs. 80.00 crore has been allocated for ISPRL (O&M) in BE 2018-19. A token provision of Rs. 1.00 crore has been provided to ISPRL (construction of caverns) Phase II in BE 2018-19".

1.28 On being enquired about the status of the agreement signed between ISPRL and Abu Dhabi National Oil Company on storage and management of crude, the Ministry stated the following information:

"Indian Strategic Petroleum Reserve Ltd (ISPRL) signed a Definitive Agreement with Abu Dhabi National Oil Company (ADNOC) of UAE on Oil Storage and Management and it was operationalised on 10 February 2018 during the state visit of Prime Minister to UAE. Under the Agreement, ADNOC, at it's own cost, will store 5.86 million barrels (0.81 MMT) of crude oil in one of the caverns of the Mangalore Strategic Petroleum Reserve (SPR) facility. The first crude cargo is expected in May 2018".

1.29 Further, when asked about the specific benefits accruing out of this agreement during the oral evidence held on 21.02.2018, the representative of the Ministry explained as under:

"...Under normal circumstances, for our own energy security, we have to build the cavern and also fill it with our own crude as we have done in Vishakhapatnam and Mangalore. Here, they will own the crude. The cost of the crude is about 400 million dollars which is about Rs. 2,500 crore. They can sell; they can replenish; they can again sell; they can replenish. But there are rules on how they will do it. On any day, at any given point of time, if the Government of India feels that there is an emergency situation because of supply disruption or because of a price hike or whatever reason in our judgement we feel that there is emergency, then the right to the entire crude which is there is ours. The rate at which they will give the crude, that is also already set; that is the official selling price on that particular day plus the cost in insurance. But, even when they commercialise it, they are bound to replenish it within 90 days. Then, the next 15 per cent, they can also partly commercialise. They have to replenish it within 120 days. So, we are always assured that 50 per cent is there and above 50 per cent, on that particular day, it is all ours. We have the right of use. Whatever we use for our own national purposes, we pay. Again, in the agreement it is built in that even if we buy crude for our own emergency use, again they are bound to replenish it within 120 days. So, it is not just that one time we use it and it remains vacant after that. They will replenish it in another 120 days".

1.30 Also, when asked as to whether the sale of reserved crude of the cavern by the foreign company amount to export from Indian soil, the representative of the Ministry during the oral evidence clarified as under:

"...They will not sell it overseas. They can sell it only to an Indian refiner. So, this is built into the agreement".

(v) <u>Pradhan Mantri Urja Ganga Yojana (PMUGY)</u>

1.31 When asked to furnish the status update on PMUGY including the target set and actual progress made during the year 2017-18 and the likely completion of the project, the Ministry submitted the following:

"The overall progress of the JHBDPL section-I is 79.25% as on 15.01.2018 against schedule of 71%. Brief status of development of the project is as under:

<u>Salient Features:</u>

- Total length of the Pipeline : 2655 Km.
- Project cost : Rs. 12940 Crores
- Expenditure till date : Rs 1590 Crores
    - Section-1 : Rs. 3397 Crores, Section 2 & 3 : Rs. 9543 Crores
    - Govt. of India is contributing 40% project cost (Rs. 5176 Crores) through Capital Grant
- Capacity of the Pipeline: 16 MMSCMD
  Scheduled Completion:

Section	Length	Scheduled completion	Anticipated Completion
Section-1: Phulpur – Dobhi with spurlines to Varanasi, Gorakhpur, Patna and Barauni	753 Km	December, 201	December, 2018
Section-2: Dhamra – Angul with Spurlines to Bhubaneswar & Cuttack and Dobhi – Durgapur with Spurlines to Sindri, Jamshedpur & Durgapur	1902 Km	December, 2020	Progressively from December, 2018 – December,2020
Section-3: Durgapur – Haldia with Spurlines to Kolkata and Bokaro – Angul with Spurlines to Ranchi, Jharsuguda, Rourkela & Sambalpur			

<u>JHBDPL (Section-1) Current Status (753 Km)</u>

(Phulpur – Dobhi with Spurlines to Varanasi, Gorakhpur, Patna & Barauni)

- Construction work has been commenced in September 2015 and is progressing in full swing. The complete pipeline (753 Km) is slated to be completed as per scheduled date of 31st Dec 2018

Scheduled Progress	Actual Progress	Difference
71%	79.25%	+8.25%

Overall construction Progress

Details	Progress in FY 17-18	Cumulative Progress as on 13.02.2018
RoU/ Panchnama (Km)	**268 Km**	**580 Km**
Welding (Km)	**280 Km**	**489 Km**
Lowering (Km)	**291 Km**	**378 Km**

JHBDPL (Section-2 & 3) Current Status (1902 Km)

(Sec 2 : Dhamra - Angul & Dobhi – Durgapur with Spurlines)

(Sec 3 : Bokaro – Angul & Durgapur – Haldia with Spurlines)

- Detailed Route Survey completed.
- Crossing Permission: Total- 2194 No, Application Made: 2187 No, Permission received: 1010 Nos
- Project Management Consultants appointed. (EIL & Mecon)
- Line pipes awarded for Dhamra – Angul, Dobhi Durgapur and Bokaro – Angul sections with spurlines
- Laying works awarded and construction work started in Dhamra – Angul & Dobhi Durgapur sections with spurlines in Dec 2017".

1.32 The Committee noted that the Capital Expenditure for Phulpur Dhamra Haldia Pipeline Project has been Rs. 1,200.00 crore in BE 2017-18, Rs. 400 crore in RE 2017-18 and Rs. 1,674.00 crore in BE 2018-19. When asked to furnish the reasons for variations, the Ministry stated as under:

"The Government has taken a decision to provide a capital grant of Rs.5176 crore (i.e. 40% of the estimated capital cost of Rs.12,940 Crore) to GAIL for development of a 2655 Km long Jagdishpur-Haldia/Bokaro-Dhamra Gas Pipeline (JHBDPL) project. As per the CCEA approval Rs.1200 crore has been earmarked for F.Y. 2017-18. GAIL vide letter dated 28.08.2017 had informed that due to some constraints faced by GAIL, the fund would not be utilized and requested this Ministry for allocation/revision of fund of Rs.435 Crore for F.Y. 2017-18 as RE. Further, this Ministry vide communication dated 22.01.2018 has informed scheme wise ceiling for FY 2017-18 wherein funds in this project has been revised to Rs.400 Crore for F.Y. 2017-18 as RE and Rs.1674 Crore for F.Y. 2018-19 as BE. Rs.400 Crore has been released to GAIL during 2017-18.

GAIL in order to give effect to the Government directions on procurement policy linked to local content and policy for indigenously produced Iron and Steel, cancelled the line pipe tender for 712 Km (estimated cost of Rs 1200 Crore approx) for section Dhamra to Angul and Dobhi to Durgapur along with spurlines of JHBDPL, which were in the award stage in the month of May, 2017.

Similarly other line pipe tenders (830 KM for section Bokaro to Angul and balance line pipe of Dhobi to Durgapur section along with spurlines of JHBDPL) amounting to approx. Rs.1300 crore had to be rescheduled in the month of June/July‟2017. Due to the above, the delivery of line pipes to the extent of 90% quantity is now in next financial year and this in turn has resulted in re-scheduling of laying/construction and other project activities".

1.33 When asked about the progress w.r.t. provision of capital grant of Rs. 5,176 crore for development of JHBDPL project to GAIL during 2017-18, the Ministry replied as under:

> "The Government has taken a decision to provide a capital grant of Rs.5176 crore (i.e. 40% of the estimated capital cost of Rs.12,940 Crore) to GAIL for development of a 2655 Km long Jagdishpur-Haldia/Bokaro-Dhamra Gas Pipeline (JHBDPL) project.
>
> In F.Y. 2016-17, the Government has allocated Rs. 450 crore as RE 2016-17 and the whole amount of Rs. 450 crore was released to GAIL (India) Ltd. in March 2017 and utilized.
>
> Further, in F.Y. 2017-18, the Government has allocated Rs. 1,200 crore as B.E. 2017-18. The allocation has been revised in RE 2017-18 to Rs. 400 crore which has been released to GAIL (India) Ltd. and utilized.
>
> For F.Y. 2018-19, an amount of Rs. 1,674 crore has been allocated in B.E. 2018-19.
>
> The overall progress of the JHBDPL section-I is 79.25% as on 15.01.2018 against schedule of 71%".

1.34 When specifically asked to give the details regarding the problems being encountered in the implementation of Phase I of the Pradhan Mantri Urja Ganga project specifically in Bihar and UP, the Ministry submitted the following information:

> "Issues related to the State Governments being encountered in implementation of phase-I of the Pradhan Mantri Urja Ganga Project particularly in Bihar and UP, are as under:
>
> (i) At present there are no issues in UP. However, there have been issues in the past, in getting RoU in the State of UP during field execution in the past.
>
> (ii) Due to very old land records in Bihar, disbursement for RoU compensation to legitimate landowners/farmers is getting delayed.
>
> (iii) Intermittent attacks by antisocial element/Naxalite causing delay in pipeline execution activities in Gaya district in the State of Bihar.
>
> (iv) Allotment of two State Government Land for construction of Sectionalizing Valve (SV) Station along the Pipeline is under consideration with the State Government of Bihar.
>
> All efforts are being made to resolve the issues in consultation with the State Governments".

1.35 On being asked to furnish a note on the status of the three pipeline sanctions with total length of about 2500 km for implementation through PPP mode with Viability Gap Funding (VGF), the Ministry submitted the following information:

> "The Government has taken a decision to provide a capital grant as Viability Gap Funding for a single pipeline of Rs.5176 crore (i.e. 40% of the estimated capital cost of Rs.12,940 Crore) to GAIL for development of a 2655 Km long Jagdishpur-Haldia/Bokaro-Dhamra Gas Pipeline (JHBDPL) project. The pipeline will transport natural gas to the industrial, commercial, domestic and transport sectors in the States of Bihar, Jharkhand, Odisha, West Bengal and Uttar Pradesh".

1.36 When asked to furnish the present status of the construction of upcoming gas pipeline projects under National Gas Grid and details of time and cost overruns incurred, the Ministry stated as under:

1. Jagdishpur – Haldia & Bokaro – Dhamra Pipeline Project:

- Total length of the Pipeline : 2655 Km.
- Cost of total project : Rs. 12940 Crores
- Capacity of the Pipeline : 16 MMSCMD
- Time and Cost Overrun as on date : Nil

<table>
<tr><th>Section</th><th>Length</th><th>Overall Physical progress</th><th>Targeted completion</th></tr>
<tr><td>Section-1:
Phulpur – Dobhi with spurlines to Varanasi, Gorakhpur, Patna and Barauni</td><td>753 Km</td><td>78 %
Welding completed – 448 Km
Lowering completed – 358 Km</td><td>Dec‟18</td></tr>
<tr><td>Section-2:
Dhamra – Angul with Spurlines to Bhubaneswar & Cuttack and Dobhi – Durgapur with Spurlines to Sindri, Jamshedpur & Durgapur</td><td rowspan="2">1902 Km</td><td rowspan="2">11 %
• Construction work started in DhamraAngul and Spurlines to Bhubaneshwar and Cuttack section in Dec 2017
• Construction works in Dobhi Durgapur section being started in Jan 2018</td><td rowspan="2">Progressively upto Dec‟2020</td></tr>
<tr><td>Section-3:
Durgapur – Haldia with Spurlines to Kolkata and Bokaro – Angul with Spurlines to Ranchi, Jharsuguda, Rourkela & Sambalpur</td></tr>
</table>

2. Kochi – Bangalore / Mangalore Pipeline Project:

<table>
<tr><th></th><th>Kochi – Koottanad –Mangaluru</th><th>Koottanad - Bengaluru</th></tr>
<tr><td>Board approval Date</td><td colspan="2">22nd June 2009</td></tr>
<tr><td>Revised Completion Sch</td><td colspan="2">February 2019 (as approved by PNGRB)
Earlier completion schedule – March 2013</td></tr>
<tr><td>Anticipated Completion</td><td>Dec‟2018</td><td>Within 30 months from hindrance free RoU</td></tr>
</table>

Pipeline Details	30” / 24” x 445 Km	24” x 434 Km
Project Cost Phase –II	2915 Cr.	
Capacity	16 MMSCMD	

Reasons for Time Overrun:

Owing to the persistent resistance from farmers / land owners/ Farmers association (Farmers Sangam), Government of Tamil Nadu (GoT) in Apr‟13, ordered GAIL not to lay Pipeline through agricultural lands. Thus, because of extremely slow construction progress due to farmer‟s resistance and legal dispute on Pipeline route in Tamil Nadu, GAIL was constrained to suspend Project activities in 2013-14.

Keeping in view the uncertainties, GAIL approached MoPNG for revising the completion schedule of the Project to Feb‟19. PNGRB, vide letter dated 08.12.2016, approved revised schedule of Feb‟19.

Hon‟ble Supreme Court on 02.02.2016 gave decision in favour of GAIL for pipeline laying in Tamil Nadu state. As per the decision of Hon‟ble Supreme Court and latest decision of Hon‟ble Madras High Court in Jan‟17, GoT is to fix up the land rates as on 01.01.2016.

High level “Expert Committee” was formed by GoT on 14.12.2015. During PMG meeting held on 09.11.2017 at Chennai, GAIL informed CS that TN Govt has Re-activated the Expert committee.

Five Expert committee meetings were held to discuss the execution of the project and way forward for the pipeline execution in Tamil Nadu. Further, Technical details etc. covering safety aspects of the pipeline were apprised to all members of the committee.

Phase II has been further divided in two sections, IIA (Kerala & Karnataka Region) & IIB (Tamil Nadu Region)

<u>Current Status of Phase – IIA (445 Km. Kochi – Koottanad – Mangalore):</u>
Works for acquisition of RoU Project works resumed since June 2015 in Kerala.

Construction Work in Progress

- RoU/ Panchnama : 438 Km
- Welding : 174 Km
- Lowering : 100 Km

This Section is scheduled to be completed by Feb‟19. However, All efforts are being made to complete the project by December „18

Current Status of Phase – II B (434 Km Koottanad – Coimbatore – Salem – Bengaluru):

- Five Expert committee meetings were held to discuss the execution of the project and way forward for the pipeline execution in Tamil Nadu. Further, Technical details etc. covering safety aspects of the pipeline were apprised to all members of the committee.
- Tender for pipeline laying from Bengaluru to Hosur to the Industries in Hosur area & upto Krishnagiri district in Tamil Nadu and from Koottanad to Kerala

border nearing Coimbatore, which is part of Koottanad- Bengaluru section, has been floated and is being awarded shortly.

- The 434 Km Koottanad – Coimbatore – Salem – Bengaluru Pipeline is targeted to be completed within 30 months from availability of hindrance free RoU.

3. Surat – Paradip Pipeline:

Pipeline Scheme	Mainline : 36” x 1540* km (Surat – Paradip) Spurline : 24” / 18” / 12” / 8” x 450* Km
Pipeline Route	Surat- Nandurbar- Dhule – Jalgaon –Buldhana- Akola- Amravati- Wardha- Nagpur- Bhandara- Durg- Raipur- Mahasumand- Sonepur- Cuttak – Paradip.
Pipeline Capacity	75 MMSCMD
Project Cost	Rs. 10281 Cr.
Scheduled completion as per Grant of Authorization by PNGRB	36 months from date of Grant of Authorization i.e. by April 2015 *(GAIL requested PNGRB for extending schedule by 36 months)*

<u>Status as on Date:</u>

Project is on hold due to non-availability of anchor load customers. However, GAIL has submitted proposal to PNGRB for revision of schedule (upto Jan‟20), vide letter dated 20.01.2017".

(vi) <u>National Seismic Programme</u>

1.37 When enquired about the reasons for drastic increase in the allocation of Capital Expenditure of Rs. 9.73 crore from RE 2017-18 to Rs. 1,300.00 crore in BE 2018-19 for National Seismic Programme, the Ministry provided the following information:

"India has 26 sedimentary basins covering an area of 3.14 Million Sq Km spread over onland, shallow water and deep water. In spite of Government of India‟s best efforts, an area of about 1.502 Million Sq. Km i.e. 48% of total sedimentary basin area does not have adequate geoscientific data to offer the blocks for bidding. Ministry of Petroleum and Natural Gas has formulated a plan for conducting 2D Seismic data acquisition, processing and interpretation (API) of 48,243 LKM within 5 years i.e. from 2015-16 to 2019-20, at an estimated project cost of Rs. 2,932.99 Crore. Survey work started by ONGC and OIL in October, 2016. Initially NOCs will carry out survey work from their funds and subsequently they submit the expenditure to the Ministry for reimbursement. During 2016-17, total 5671.26 LKM 2D seismic survey conducted at a cost of Rs 266.94 Crore.

Till Jan‟2018, the total survey work done by ONGC and OIL are as below:

Agency (Total Target)	FY 2016-17		FY 2017-18		Cumulative Achievement since inception (LKM) (% w.r.t. Total target)
	Annual Target(LKM)	Achievement (LKM) (% w.r.t. FY target)	Annual Target(LKM)	Achievement till Jan' 2018 (LKM) (% w.r.t. FY target)	
ONGC (40835 LKM)	8725	5033.34 / (57.68 %)	17060	10260.88 /(60.14 %)	15294.40 /(37.45 %)
OIL (7408 LKM)	1214.22	637.92 / (52.54 %)	3478	509.04 /(14.63 %)	1146.96 /(15.48 %)
Total (48243 LKM)	**9939.22**	**5671.26 / (57.06 %)**	**20538**	**10769.92 / (52.44 %)**	**16441.36 / (34.08%)**

During 2017-18 estimated expenditure is Rs 1287.26 Crore for conducting 20538 LKM 2D seismic survey and processing interpretation of 20074 LKM 2D seismic data. Estimated cost for 2018-19 is Rs 1272.79 Crore.

Invoices submitted by ONGC and OIL for reimbursement of expenditure incurred and pending with DGH are Rs 309.46 Crore and Rs 31.22 Crore respectively. As per decision of the Government Rs 300 Crore was to be allocated during FY 2017-18 and remaining amount as per invoice in the subsequent Financial Years. As the upfront expenditure incurred by ONGC and OIL have not been reimbursed so far, hence the Budget estimate for FY 2018-19(carried forward from FY 16-17 & FY 17-18) is increased".

C. Other Central Expenditure

(i) Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

1.38 When enquired about the details of funds provided and actual utilization (till date) for establishment of each RGIPT during the year 2017-18 and for the year 2018-19, the Ministry submitted as under:

"The details of funds provided and actual utilization (till date) for establishment of Jais (Amethi) Campus of RGIPT during the year 2017-18 is as follows:

(Rs. In crore)

Receipt during 2017-18	Accumulated Receipt up to 2017-18	Expenses Incurred during 2017-18	Accumulated expenditure up to 2017-18	Balance Fund Available (towards procurement of Lab equipment and furniture)
121.75	369.10	23.00	257.00	112.10

Funds allocated during 2018-19: NIL".

1.39 On being asked to furnish an update on the progress of construction of the campus at Rai Barelli along with the expected timeline for completion, the Ministry stated as under:

"The construction of the Academic Campus of RGIPT at Jais (Amethi) has been completed and has been occupied from 7th October, 2016. The Campus is spread over 47 acres of land and is self-sufficient with faculty/staff residence, student hostels, playground and mess etc. The Campus is fully operational".

1.40 About the latest status on RGIPT project at Sibsagar, Assam, the Ministry submitted as under:

"The Revised DPR has been prepared envisaging a project cost of Rs.880.10 crore (Rs. 396.32 crore for capital expenditure and Rs. 483.78 crore for corpus/endowment fund) and EFC/CEE Note is under consideration. The objectives for setting up of the Centre are:

- To offer short and long term courses with a view to be linked with Government"s approach of capacity building/generating employment for a large section of society and also to meet manpower requirement in Petroleum and Natural Gas sector (Government/Public & Private industry) keeping in view national global perspective.
- To assess the various skill sets required for the Petroleum Sector. To undertake short and long-term courses leading toward award of diploma and post diploma in addition to short duration skill linked programmes benchmarked with international standards.
- To study current and future energy scenarios and the requirement of manpower for petrochemical/gas/City Gas Distribution (CGD) to meet the skill gap of the industry.
- To study skill requirements of North East and suggest programmes to meet their aspirations.
- Setting up of workshops, laboratories in line for the skill requirements.
- To design curriculum based on practical training meeting the requirements of employer/industry.

The academic session of RGIPT Sibsagar, Assam has commenced from a temporary campus during 2017-18. Presently, it is offering three Diploma Courses to students in disciplines of Petroleum Engineering, Chemical Engineering and Piping Engineering.

A part of the campus has already been constructed by CPWD on RGIPT"s Sibsagar own land to accommodate the present students".

1.41 The Committee noted that as against the BE of Rs. 135.1 crores in 2017-18, the RE is fixed at Rs. 121.75 crores. Further, in 2018-19 the BE shows a nil allocation for RGIPT. When asked to furnish reasons for the same, the Ministry stated as under:

"Out of B.E. 2017-18 (balance amount of total committee Capital Expenditure) of Rs.135.10 crore, Rs.121.75 crore was released to RGIPT after adjusting Rs.13.35 crore earned by RGIPT as interest on accrual of Bank deposits. As such, there is no more balance pending against release of capital expenditure to RGIPT".

1.42 When asked to furnish a status update on establishment of RGIPT centre at Bengaluru with the funding pattern and time lines for various activities, the Ministry in its written reply stated as under:

"It has been proposed to set up an Energy Institute at Bengaluru in line with the world‟s leading energy and research centres. The estimated cost of the project is as follows:

The total estimated cost of the project is as follows:

(i) Capital Expenditure	-	Rs.906.30 crore
(ii) Corpus/Endowment Fund to meet The recurring expenditure, from the interest of the corpus fund, for 10 years	-	Rs.750.00. crore
Total	**-**	**Rs.1656.30 crore**

The Government of Karnataka has allotted 150 acres of land, free of cost at Kambalipura, Hoskote Taluk, Bengaluru for setting up of the Institute.

The concept paper for setting of the Institute has been prepared and it is under process for being sent to Ministry of Finance, Department of Expenditure for obtaining in- principle approval for setting up of this Institute.

It is envisaged that the Institute will become fully functional after commencement of the construction activities, once the project is approved and funds are made available to start the construction activity".

(ii) <u>Indian Institute of Petroleum Energy (IIPE)/Petroleum University</u>

1.43 When asked about the amount of funds that have been allocated during 2018-19 for setting up of Petroleum University in Andhra Pradesh, the Ministry furnished the following statement:

"Funds budgeted for Petroleum University renamed as Indian Institute of Petroleum and Energy (IIPE), Visakhapatnam during 2018-19 is Rs.32.00 crore".

1.44 On being enquired by the Committee about the present status of the Petroleum University along with time and cost estimates, the Ministry submitted in its written reply as under:

"Present status of Petroleum University renamed as Indian Institute of Petroleum and Energy (IIPE) at Visakhapatnam in Andhra Pradesh is as under:-

(1) Government of Andhra Pradesh has allocated 200 acres of land, free of cost, for setting up of IIPE at Sabbavaram Mandal in Visakhapatnam district. APIIC (Andhra Pradesh Industrial Infra Conporation Ltd) will be given work order for construction of boundary wall work which is expected to start by January, 2018 end. The land registration process will also be undertaken simultaneously.

(2) The Union Cabinet in its meeting held on 12.4.2017 has approved for establishment of IIPE as "an Institute of National Importance" through an Act of Parliament having governance structure as well as legal mandate to grant degrees in a manner similar to that enjoyed by IITs. The Cabinet has also approved Rs 655.46 crore as capital expenditure to set up IIPE and contribution of Rs 200 crore towards its Endowment Fund (in addition to a contribution of Rs 200 crore from Oil Companies towards the Endowment Fund).

(3) The Indian Institute of Petroleum and Energy Bill, 2017 has been passed by Lok Sabha on 04.08.2017 and declared the Indian Institute of Petroleum and Energy as an Institution of National Importance. The Bill, as passed by Lok Sabha, has also been passed by Rajya Sabha on 27.12.2017. The Indian Institute of Petroleum and Energy Act, 2017 (No.3 of 2018) has been notified in the Gazette of India on 8th January, 2018. It will come into force w.e.f. 22.01.2018.

(4) A temporary campus of IIPE has been set up from academic session 2016-17 in the Andhra University Campus. At present, two undergraduate programmes, namely, Petroleum Engineering and Chemical Engineering (with capacity of 50 students each) are being run by the Institute. IIT, Kharagpur has taken up the responsibility of mentoring the Institute.

(5) As on date, 10 faculty members and 8 non-faculty posts (office staff) are in position. Advertisements have been given for 9 faculty and 8 non-faculty posts. The number of students are 178 [84 students are from first year (2016-17) and 94 students in second year (2017-18)]

(6) As on 31.10.2017, during 2016-17, Rs.32.00 crore has been released from Gross Budgetary Support (GBS). Rs.170 crore has been received from Oil PSUs (ONGC Rs.60 crore, IOCL Rs.60 crore, HPCL Rs.35 crore and OIL Rs.15 crore) as Endowment Fund.

(7) Original time-lines and cost estimates are as under:-

(Rs. In crore)

Year	Capital Expenditure	Recurring Expenditure
2016-17	196.19	30.35
2017-18	133.23	22.22
2018-19	101.96	27.90
2019-20	92.32	27.87
2020-21	71.64	31.36
2021-22	55.96	35.49
2022-23	4.16	37.54

2023-24	0.00	38.74
2024-25	0.00	41.31
2025-26	0.00	42.08
Total	**655.46**	**334.86**

1.45 When enquired as to whether the capital expenditure of Rs. 196 crore in 2016-17 and Rs. 133 crore in 2017-18 have been spent, the Ministry explained as under:

> "Although the proposal for capital expenditure of Rs. 196.19 Crore in 2016-17 and Rs. 133.23 Crore in 2017-18 had been approved by the Cabinet, a budgetary allocation of Rs. 32 Crore only was made in 2016-17 at R.E. stage. The entire amount of Rs. 32 Crore was released to IIPE out of which Rs. 31 Crore was from Plan Side and Rs. 1 Crore was from Non-Plan Side. Rs. 31 Crore has been kept as Corpus/Endowment Fund by IIPE and Rs. 1 Crore was used on Office Expenses which has been spent. In B.E. 2017-18, an amount of Rs. 145.20 Crore was allocated, which was reduced to Rs. 1 Crore at R.E. stage".

1.46 The Committee noted that capital expenditure in respect of Indian Institute of Petroleum Energy has been Rs. 145.20 crore in BE 2017-18, Rs. 1.00 crore in RE 2017-18 and Rs. 32.00 crore in BE 2018-19. When asked to furnish the reasons for the same, the Ministry stated as under:

> "The construction activities of IIPE have not started since the physical possession of land is yet to be handed over by the Government of Andhra Pradesh to IIPE. Therefore, no funds were released to IIPE during the year 2017-18 under capital expenditure and at RE stage the capital expenditure was reduced to Rs.1.00 crore. It is expected that during the year 2018-19 the construction activities will start after getting possession of land from the Government of Andhra Pradesh. Hence, an amount of Rs. 32.00 crore has been proposed in BE 2018-19 as Capital Expenditure".

1.47 During the oral evidence held on the subject on 21.02.2018, the representatives of the Ministry explained about the progress of the Petroleum University as under:

> "...What I have been told is that there is some court case because of which the land issue is not yet sorted out. That is one issue. The fund is not a problem because there are two sources of funding for this project. One is the corpus fund which has been given by the companies. Our companies have contributed so that there is no issue in contributing. Then, from the Government also, the budgetary support has been approved in principle. We have requested the Finance Ministry. They will give the budget. Sir, the institute is running from the campus as you have already mentioned. On ground there was nothing. So, we requested them to handhold this project. Academic activities are being hand-

holded through IIT, Kharagpur and the logistics and other facilities are being handled through HPCL".

1.48 Supplementing further, a representative of PSU has also elaborated on allocation of land along with other recent developments related to the University as under:

"...as far as IIPE, Visakhapatnam is concerned, it is a society in which all the oil companies are member except BPCL. I am the President because in Visakhapatnam we got a base. We had been intrusted with the responsibility to handle that activity. There is a Board Trust in which all the oil companies are members. The land has been allocated but there are some farmers who made some demands. Then, they went to court and court has given a stay on that. We said to the Andhra Pradesh Government and they will take the possession of that land. Initially, there were some agitations. So, they will take the land and construct the boundary walls for which we got an estimate and we have approved that also. They will construct the boundary wall and then give it to us. In the meantime, 73 farmers went to court and there is a stay on that. It has been said that the status quo will be maintained and those farmers should not be stopped to cultivate. So, as of today, we have been in touch with the State Government. As per them, probably, these farmers do not have any rightful claim on that land. They are handling it. Once that is given, then the VUDA or the State Government through PWD will construct the boundary walls and handover the peaceful possession of the land to us. As of today, the land has not been handed over to us. There are some 73 farmers who had gone to court claiming the dispute on that. The entire land, which is around 200 acres, was earmarked. That was a boundary wall to be constructed and peaceful possession was to be given. It is because of this, the boundary wall is not constructed yet. We have approved the estimate for the boundary wall construction also to the State that society will pay for that. But, because of the stay order, now the State Government is handling that. That is a very recent stay order on that".

D. Pricing of Petrol and Diesel

1.49 In response to the specific enquiry about the prevailing retail prices of petrol and diesel in major cities of the country and the state-wise details of taxation components on petroleum products by Central and the State Governments including the four metro cities, the Ministry submitted the following details in a written reply:

"The prevailing Retail Selling Price (RSP) of Petrol and Diesel in State/UT capitals as on 15th January, 2018 is as given below:-

S.No.	State/UT	State Capital/UT	Petrol	Diesel
			15-Jan-18 (Rs./ltr)	
1	UT DELHI	NEW DELHI	71.18	61.74
2	WEST BENGAL	KOLKATA	73.91	64.40

3	MAHARASTRA	MUMBAI	79.06	65.74
4	TAMIL NADU	CHENNAI	73.80	65.08
5	TRIPURA	AGARTALA	67.10	59.89
6	MIZORAM	AIZWAL	67.24	59.18
7	HARYANA	AMBALA	71.32	62.15
8	KARNATAKA	BANGALORE	72.29	62.78
9	MADHYA PRADESH	BHOPAL	76.17	64.57
10	ORISSA	BHUBHANESWAR	70.04	66.22
11	UT CHANDIGARH	CHANDIGARH	68.46	59.93
12	UTTARANCHAL	DEHRADUN	73.62	62.54
13	GUJARAT	GANDHINAGAR	70.79	66.36
14	SIKKIM	GANGTOK	74.15	63.50
15	ASSAM	GUWAHATI	73.17	64.42
16	TELANGANA	HYDERABAD	75.37	67.08
17	MANIPUR	IMPHAL	69.35	59.93
18	ARUNACHAL PRADESH	ITANAGAR	67.34	59.22
19	RAJASTHAN	JAIPUR	74.11	66.16
20	JAMMU	JAMMU	72.82	62.74
21	PUNJAB	JULLUNDER	76.23	61.76
22	NAGALAND	KOHIMA	69.69	60.18
23	UTTAR PRADESH	LUCKNOW	73.12	62.38
24	GOA	PANJIM	65.56	62.78
25	BIHAR	PATNA	75.51	65.46
26	PONDICHERRY	PONDICHERRY	70.07	63.78
27	ANDAMAN & NICOBAR	PORT BLAIR	61.51	58.06
28	CHHATISGARH	RAIPUR	71.68	66.71
29	JHARKHAND	RANCHI	72.28	65.26
30	MEGHALAYA	SHILLONG	70.65	61.58
31	HIMACHAL PRADESH	SHIMLA	71.35	61.43
32	KASHMIR	SRINAGAR	75.52	64.97
33	KERALA	TRIVANDRUM	75.03	67.05
34	DADRA NAGAR HAVELI	SILVASA	69.26	62.49
35	DAMAN &DIU	DAMAN	69.19	62.42

Note: Prices are as per IOCL. (IOCL does not determine the RSP in Lakshadweep).

The state-wise tax components on petroleum products by Central and State Governments are given as under:-

i. **Customs duty:**

Central Government is levying Customs duty at the rate of 2.5% on Petrol and Diesel. The Customs duty on Domestic LPG and PDS Kerosene is nil.

ii. **Excise duty:**

The current Excise Duty on Petrol and Diesel is Rs.19.48/litre and 15.33/litre respectively:

iii. **Sales Tax/VAT:**

State wise effective rates of taxes on Petrol and Diesel as on 1st January, 2018 are attached. Domestic LPG and PDS Kerosene are covered under the ambit of GST.

iv. **GST:**

Post implementation of Goods and Service Tax (GST) effective 01.07.2017, Excise duty has been subsumed into GST and Domestic LPG and PDS Kerosene are under the ambit of GST with applicable rate of 5%.

Statement showing the effective rates of State taxes on Petrol and Diesel as on 01.01.2018		
State/UT	**Petrol**	**Diesel**
Andhra Pradesh	36.42%	29.12%
Arunachal Pradesh	20.00%	12.50%
Assam	30.72%	22.64%
Bihar	24.57%	18.22%
Chhattisgarh	27.14%	25.88%
Delhi	27.00%	17.32%
Goa	16.57%	18.76%
Gujarat	25.42%	25.51%
Haryana	26.25%	17.22%
Himachal Pradesh	24.27%	14.28%
Jammu & Kashmir	27.80%	17.21%
Jharkhand	28.92%	23.44%
Karnataka	28.24%	18.19%
Kerala	32.04%	25.67%
Madhya Pradesh	35.23%	22.00%
Maharashtra – Mumbai, Thane &Navi Mumbai	40.71%	24.94%
Maharashtra (Rest of State)	39.69%	22.06%
Manipur	23.54%	13.88%
Meghalaya	22.44%	13.77%
Mizoram	18.76%	11.46%
Nagaland	23.06%	13.50%
Odisha	24.48%	24.89%
Punjab	35.65%	17.10%
Rajasthan	30.93%	24.47%
Sikkim	28.30%	16.35%
Tamil Nadu	31.98%	23.92%
Telangana	33.12%	25.85%
Tripura	18.84%	12.93%
Uttarakhand	30.54%	18.32%
Uttar Pradesh	30.20%	18.37%
West Bengal	25.31%	17.64%

Union Territories		
Andaman & Nicobar Islands	6.00%	6.00%
Chandigarh	19.76%	11.42%
Dadra & Nagar Haveli	20.00%	15.00%
Daman & Diu	20.00%	15.00%
Lakshadweep	-	-
Puducherry	21.15%	17.15%

(As per details provided by IOCL)".

1.50 When enquired about the daily pricing of petrol and diesel during the oral evidence held on 21.02.2018, the representative of IOCL submitted as under:

> ".......... From 16th June last year, we started revising these prices on daily basis rather than on 15 days‟ basis. Today, there are two international agencies which are publishing prices of all the products on Gulf as well as on Singapore basis. We take the average prices of Gulf and local transportation cost, excise and State tax – secondary transportation, primary transportation. These prices are worked out on each petrol pump every day evening. This price is not of one day price. We consider the price of last 15 days‟ price which are all published prices except on Sunday. These are all actual prices. The advantage is that the sharp changes in international prices of products are slightly averaged out. Secondly, it is not very easy to predict and the large fluctuations are avoided. One thing I would like to clarify. These product prices are not always linked with the crude prices because many a time the market also feels and customers also feel that the crude has started falling, but the prices have not started falling in the same direction. Recently, we had a cyclone in US. So, lot of refineries in the US were shut down because of the cyclone. So, there was a crude glut. There was an over supply of crude in the market. So, the crude prices fell down. Because the refineries were going down, the product prices also went up. So, while the crude was becoming cheaper in those days, the product prices were going up. Although the product prices in the international market, to a very large extent, move along with the crude prices, but on a short-term basis, it does not happen always. ....This is all linked up with international prices of product. PPAC keeps adequate monitoring of these prices that we fix".

1.51 Further, when queried about the method of communication regarding revision in prices to remotest dealers in far flung areas/ villages in the country, the representative of PSU during the oral evidence explained as under:

> "We have a strong mechanism. Suppose they are expected to implement this price from 00 hours of next day, by evening through SMS and through our system, we are able to communicate to 100 per cent of the dealers. Each petrol pump is instructed and they display these prices".

1.52 When the Committee asked about the prevailing prices of crude oil basket for India during the last two years, the Ministry submitted as under:

"The average prices of Indian basket of crude oil for the last two years and current year is given as under:-

Year	$/BBL
2015-16	46.17
2016-17	47.56
2017-18 (till 31st December, 2017)	53.56

1.53 Asked to clarify as to why the revision in petrol and diesel prices are not in commensurate with the crude oil price in the international market, during oral evidence the official of the PSU made the following submission:

"...There are two things. Firstly, product prices do not move with the same percentage as the crude prices are moving. Secondly, in the Indian retail market, actual product price is only a part of the retail price. Duties and taxes constitute nearly 50 per cent to 60 per cent of the retail selling price.

While only the 40 per cent or 50 per cent is fluctuating because of the international price, duties and taxes are more or less fixed. That is why we do not see the same extent of variation which is actually happening in the international price. It is a very transparent thing".

E. Reduction of Import Dependence of Crude Oil

1.54 On being asked about the specific steps taken by the Ministry during the year 2017-18 and proposed steps in 2018-19 to reduce the oil import dependence and achieve the target of reduction by 10 per cent by 2022 and the outcome thereof, the Ministry submitted the following details in a written reply:

"The steps undertaken by the Ministry towards reduction of the oil import dependence and achieve the target of reduction by 10 percent by 2022 is as under:

1. The roadmap for reduction of import of crude oil dependence by 10% by 2021-22 has been prepared which includes (i) Increasing production of oil & gas; (ii) Promoting energy efficiency and conservation measures; (iii). Giving thrust on demand substitution; (iv). Capitalizing untapped potential in bio-fuels and other alternate fuels/renewable; and (v). Implementing measures for refinery process improvements. Considering the involvement of several Ministries / departments to implement the strategy, an Integrated Monitoring and Advisory Council (IMAC), an inter-Ministerial policy formulation and monitoring body chaired by

Hon"ble Minister, PNG and consisting of senior officials from 9 Ministries/Departments has been constituted.

2. The new Hydrocarbon Exploration Licensing Policy (HELP) for award of Hydrocarbon Acreages in the Upstream Sector of India was notified on March 30, 2016 and formally launched w.e.f July 1, 2017. Four main facets of this policy are (i). uniform license for exploration and production of all forms of hydrocarbon; (ii). an open acreage policy; (iii). easy to administer revenue sharing model and (iv). marketing and pricing freedom for the crude oil and natural gas produced. Open Acreage Licensing Policy (OALP) is one of the key features of HELP which was launched on 28.06.2017 and notified on 30.06.2017. The Government launched the Bid Round-I under OALP for international competitive bidding on 18.01.2018. For the first time in India, 55 bidder selected blocks, each carved out by prospective bidders themselves in promising basins with an area of 59,282 Sq. Kms were announced for bidding. This is the largest offering of acreages; the Government has announced in the past 8 years.

3. NDR has been set up at DGH to make the entire E&P data available for commercial exploration, research and development and academic purposes. This has been launched on 28.6.2017.

4. Discovered Small Field Policy (DSF) is aimed at monetizing hydrocarbon resources locked-in for years in a time bound manner to boost domestic production of Oil and Gas. 31 contracts areas have been awarded through international e-bidding in 1st bidding round of DSF. Based on the success of DSF Bid Round-I, DGH has further identified 60 un-monetised discoveries / fields of ONGC and OIL in nomination regime and relinquished blocks of PSC regime.

5. National Seismic Programme was launched to generate seismic data for initiating Exploration and Production (E&P) activities, which envisages 2D seismic surveys of all sedimentary basins of India. This project is scheduled to be completed by 2019-20. 2D seismic survey of 14,077.4 LKM has been carried out as on 31st December 2017. Out of this ONGC has conducted survey of 13199.8 LKM and OIL has conducted survey of 877.6 LKM.

6. To have a gas based economy and enhance the share of gas in the energy basket, the Government has envisaged developing additional 15,000 km of gas pipeline network. At present, the natural gas grid in the country predominantly connects the western, northern and south-eastern gas markets with major gas sources. As a commitment to provide clean energy in the Eastern part of the country, the Government has approved a capital grant of Rs. 5,176 crore (40 per cent of the estimated capital cost of Rs. 12,940 Crore) under Pradhan Mantri Urja Ganga.

7. The Government is promoting the usage of environment friendly transportation fuel, i.e. CNG by expanding the coverage of City Gas Distribution (CGD) network in the country. In order to promote the CNG services in the country, the Government has issued guidelines for making available domestic gas to the CGD entities for meeting the entire requirement of CNG for transport segments. At present, 31 CGD companies are developing CGD networks in 81 GAs in 21 State(s)/UTs which are supplying clean cooking fuel in the form of PNG to about 40 lakh households in the country. Further Govt. has envisaged to expand the coverage of CGD networks across the country in synchronisation with the gas availability and pipeline connectivity.

8. In order to improve the availability of ethanol, the Government revised the ex-mill price of ethanol for the ethanol supply year 2017-18 at Rs. 40.85/per litre. During 2015-16, OMCs procured 111 crore litres of ethanol which is an all-time record in the history of Ethanol Blending Programme (EBP). For 2016-17, OMCs have floated tender for the quantity of 278 crore litres of enthanol, out of which about 65 crore litres has been received till 14.11.2017.

9. Oil CPSEs are establishing twelve 2G Ethanol plants across 11 States of the country. Six MoUs have been signed between CPSEs and Technology Providers (5 MoUs) / State Government (1 MoU) for setting of 2G ethanol plants in five locations. Foundation stone of the first Biofuel refinery set up by HPCL in Bathinda, Punjab, has been laid.

10. The Government, vide notification dated 29th June, 2017, has paved the way for direct sale of Biodiesel (B-100) for blending with High Speed Diesel to all consumers, in accordance with the specified blending limits and the standards specified by the Bureau of Indian Standards".

1.55 Elaborating about the strategy to reduce the import dependence of crude oil the representative of the Ministry during the oral evidence made the following observations:

"...The roadmap consists of five elements. One is increasing the domestic production from ONGC, OIL and other private ventures, E&P companies. The second thing is promoting energy efficiency and conservation measures.

...Energy efficiency and conservation means reducing the usage. The third one is demand substitution. Instead of using oil, we use gas; or instead of using oil and gas, we use other modes of energy like renewables etc. The fourth constituent is use of biofuels and other alternative fuels. The fifth one is refining process improvement itself. Refineries also consume lot of crude oil and energy. These are five constituents out of which the most important is increasing domestic production of crude oil and gas".

1.56 When enquired as to how many times the Integrated Monitoring and Advisory Council met during the last one year along with important decisions that have been taken, the Ministry submitted the following information:

"In last one year, the meeting of the Integrated Monitoring and Advisory Council (IMAC) held on 19.07.2017. The major decisions taken in the meeting inter-alia include expanding the IMAC beyond the existing member Ministries/departments; circulation of report prepared by MoPNG on roadmap to reduce import dependency in energy by 10% by 2021-22 to the existing and potential new member ministries of IMAC for their review, suggestions and respective action plan for implementation of the roadmap under their respective scope of activities or beyond which may also encompass new areas/views/recommendations beyond the roadmap prepared by MoPNG in its report".

F. Goods & Services Tax (GST)

1.57 On being enquired as to whether MoP&NG has sought for any petroleum products including natural gas to be brought under GST, the Ministry submitted the following:

> "The Goods and Services Tax (GST) has been implemented w.e.f 1.7.2017. Five petroleum sector items viz., Crude Oil, Natural Gas, Petrol, Diesel and Aviation Turbine Fuel (ATF), although included under the GST Constitutional Amendment Act, are presently, outside the scope of levy of GST, till such time they are notified, based on the recommendation of the GST Council.
>
> Ministry of Petroleum & Natural Gas has taken up with Ministry of Finance for inclusion of excluded petroleum products under GST".

1.58 Elaborating on the impact of GST in petroleum sector, the representative of the Ministry made the following submission during oral evidence:

> "... that immediate assessment I would not have, but definitely it is in the interest of this whole sector because the major problem of not having in GST is input credit. In areas where their inputs are in the GST but outputs are not under GST, then the cost of inputs have gone up. So, to that extend, the price of final products will also go up. So, that is one aspect.
>
> As the hon. Members had stated that the State Governments are important stakeholders in this whole thing. So, State Governments views definitely matter and probably that is the reason why these items have not been brought under GST. The Finance Ministry has told us that as and when it is agreed in the GST Council because the enabling provision is there, and the Constitution and the amendment provides for bringing these items also under GST, but as and when the GST Council agrees then only it can be brought.
>
> I cannot be sure, but we probably understand that natural gas may be the first item to be brought into it. They may not bring all the items together, but we and the whole industry will be happy if all the items are brought together. I think that this is the first year of GST and the Government would also like to have the experience as to how the whole year has gone and what kind of revenues have come, etc. I think that it is a learning exercise and maybe fear of unknown as to what would happen if all these are included together as the petroleum sector is the major contributor to the State as well as the Central exchequer. So, any steps being taken, the Central Government and State Governments, as a whole, will be very cautious. I think that this issue will be deliberated further.

G. Production of Crude Oil and Natural Gas

1.59 In response to the specific query about the targets and the actual production for oil and natural gas during the 12th Plan period and the reasons for shortfall, the Ministry submitted as under:

"Crude oil Production during 12th Plan:

During 12th Plan period (2012-17), domestic crude oil production is about 186.06 Million Metric Tonne (MMT) against the target of 216.35 MMT. Although achievement of crude oil production during 12th Plan is about 86% of the target, however, this production is 5.1% higher than 11th plan actual production of 177.09 MMT. The higher crude oil production during 12th Plan is mainly due to production from new oil discoveries in the State of Rajasthan. About 69% of the crude oil production is by ONGC and OIL and remaining production by Private/JV companies. The break-up of crude oil production by ONGC, OIL and Private/JV companies during 12th Plan period is as under:

Crude oil Production (MMT) during 12th Plan

		2012-13	2013-14	2014-15	2015-16	2016-17	12th Plan	11th Plan
ONGC	Plan	25.05	28.27	28.00	26.29	25.46	133.07	
	Actual	22.56	22.25	22.26	22.37	22.21	111.64	124.3
OIL	Plan	3.92	4.00	4.06	4.16	4.20	20.34	
	Actual	3.66	3.47	3.41	3.23	3.26	17.03	17.57
Pvt./JV - PSC	Plan	13.34	13.30	12.70	12.10	11.50	62.94	
	Actual	11.64	12.08	11.79	11.36	10.53	57.39	35.22
Total	Plan	42.31	45.57	44.76	42.55	41.16	216.35	
	Actual	37.86	37.79	37.46	36.95	36.00	186.06	177.09

Reasons for shortfall in Crude oil Production

The main reasons for shortfall in crude oil production are-(i) Natural production decline in ageing fields of ONGC,OIL and private/JV Companies; (ii) Less than the expected production gain from development of marginal fields by ONGC; (iii) Forest clearances for Ningru Mining lease of OIL not obtained (iv) Bandhs/blockades in the state of Assam and Land acquisition problems for facility and infrastructure creation.

Natural Gas production during 12th Plan

Domestic Natural Gas production is about 173.88 billion cubic metre (BCM) against the target of 341.50 BCM during 12th plan period (2012-17) which is about 50.9% of the target. The achievement during 12th Plan is also 18.2% lower than the achievement of 11th plan production of 212.54 BCM. About 72.4% of natural gas production is by ONGC and OIL and remaining production by Private/JV companies. Natural gas production has come down from 111.5 million metric standard cubic metre per day (MMSCMD) in 2012-13 to 87.4 MMSCMD in 2016-17. The break-up of natural gas production by ONGC, OIL and Private/JV companies during 12th Plan period is as under:

Natural Gas Production (BCM) during 12th Plan

		2012-13	2013-14	2014-15	2015-16	2016-17	12th Plan	11thPlan
ONGC	Plan	25.27	25.47	26.67	28.22	38.68	144.30	
	Actual	**23.55**	**23.28**	**22.02**	**21.18**	**22.09**	**112.12**	**114.33**
OIL	Plan	3.30	3.80	4.00	4.27	4.45	19.82	
	Actual	**2.64**	**2.63**	**2.72**	**2.84**	**2.94**	**13.77**	**12.01**
Pvt./JV - PSC	Plan	23.71	32.38	39.40	40.43	41.46	177.38	
	Actual	**14.49**	**9.50**	**8.91**	**8.23**	**6.87**	**48.0**	**86.2**
Total	Plan	52.28	61.65	70.07	72.92	84.59	341.50	
	Actual	**40.68**	**35.41**	**33.66**	**32.25**	**31.90**	**173.88**	**212.54**
MMSCMD	Actual	111.5	97.0	92.2	88.3	89.7		

Reasons for shortfall in Natural Gas Production

The main reasons for shortfall in natural gas production was lower production from the NELP deepwater block, KG-DWN-98/3 operated by RIL and postponement of gas production from the block, KG-DWN-98/2 operated by ONGC coupled with natural decline in production from aging fields".

1.60 On being asked about the steps taken by upstream oil companies to improve crude oil and natural gas production, increase in crude oil and gas production to be expected in the next five years along with year-wise targets and the steps proposed to be taken to achieve the targets, the Ministry stated as under:

"Steps taken by the Government to enhance oil & gas production

In a major Policy drive to give a boost to petroleum and hydrocarbon sector, the Government has unveiled a series of initiatives. The reforms in hydrocarbon sector are based on the guiding principles of enhancing domestic oil and gas production, increasing investment, generating sizable employment, enhancing transparency and reducing administrative discretion. Government has formulated policies to revolutionize the E&P sector which inter-alia includes –

- Gas Pricing Reforms
- Policy Framework for Early Monetization of CBM
- Discovered Small Field (DSF) Policy
- Reform Initiatives to Enhance Domestic Production
- Hydrocarbon Exploration and Licensing Policy (HELP) coupled with operationalization of Open Acreage Licensing Policy (OALP)
- Monetization of the Ratna offshore field
- Permission of Extraction of CBM to Coal India Limited (CIL) & its subsidiaries in coal Mining area.
- Policy for the Grant of extensions to Pre-NELP Exploration Blocks
- Hydrocarbon Vision 2030 for North East

- National Seismic Programme of Un-appraised areas
- National Data Repository (NDR)

In addition, ONGC, OIL and Private/JV companies are inducting new technologies to enhance recovery from producing fields. The newly discovered hydrocarbon discoveries are being monetized.

Projection of Crude oil & Natural Gas production in next 5 years:

The projection of crude oil and natural gas by ONGC, OIL and Private/JV companies in next 5 years are as under:

Crude oil Production Projection (MMT)

	2017-18	2018-19	2019-20	2020-21	2021-22
ONGC-Nomination	23.07	22.79	23.46	22.67	22.55
OIL-Nomination	3.64	3.38	3.43	3.46	3.46
Private/JV - PSC	10.63	8.59	8.22	9.63	12.33
Total	**37.34**	**34.75**	**35.10**	**35.76**	**38.34**

Natural Gas Production Projection (BCM)

	2017-18	2018-19	2019-20	2020-21	2021-22
ONGC-Nomination	24.21	27.22	28.19	27.41	27.86
OIL-Nomination	2.93	3.20	3.31	3.50	3.70
Private/JV - PSC	7.93	8.10	16.31	27.90	40.36
Total	**35.07**	**38.53**	**47.81**	**58.82**	**71.92**

1.61 During the oral evidence when asked about the steps being taken by ONGC to increase its crude oil and natural gas production, the representative of ONGC made the following submission:

> "...first I would talk about domestic production. All the hon. Members know that we contribute almost 70 per cent of oil and gas domestic production. As far as increasing the oil and gas production is concerned, we have taken a number of steps. One is that we have committed a huge investment as far as redevelopment of our ground fields are concerned where the discovery has happened. It is just to improve the recovery factor. We have huge investment in there.
>
> In the recent past, we have been able to make only relatively small or marginal discoveries which, standalone, are not commercially viable. Now, we have developed a strategy. We have clustered all those smaller discoveries.
>
> We have got some success on the east coast of India. We have undertaken some of the development projects. This month only, the first development project in the form of Vashishta and S-1 is completed. From the end of this month, there will be a good production as far as gas production is concerned. One of the

biggest projects which we have undertaken, as on date, is going on schedule. From that discovery alone, we expect to get close to 4 million tonnes of oil which was only a gas discovery and almost 13-14 million cubic metre gas per day. This will take a while. This will come some time around 2021-22. We have made some projections. The hon. Members have rightly said that the production is stagnant. At one point, we have not been fortunate enough to make some bigger discoveries. Just to maintain this production also, if you see the natural rate of decline, it is something of the order of 7-8 per cent. So, on year-on-year basis, if you just leave aside that marginal contribution from the marginal fields, there has been an increase of 6-7 per cent. On the gas fronts, we have been lucky. We have made some discoveries. This year also, there has been an increase of almost 7-8 per cent as far as the gas production is concerned. But oil production has been stagnant. Having said this, this has to compensate for the rate of decline which is 7-8 per cent".

1.62 With regard to the targets set for 2018-19 vis-à-vis actual achievements of upstream oil companies in respect of seismic survey, exploratory and developmental drilling activities during the last three years and year-wise funds ear-marked and actual utilisation for this purpose, the Ministry stated as under:

"The details of exploratory inputs expended by ONGC, OIL and Private/JV companies including development drilling and fund allocated is given below:

As far as ONGC & OIL is concerned, targets vis-à-vis achievements of Seismic surveys and drilling during the last three years are tabulated below.

Exploratory inputs	Target/ Actual	Unit	2014-15	2015-16	2016-17	2017-18 (as on 01.01.2018)	2018-19 (BE)
Seismic Survey (ONGC)							
2 D seismic	Target	LKM	868	535	215	280	265
	Actual		606	302	263	355	-
3 D seismic	Target	Sq. Km	16524	8413	7060	6368	4601
	Actual		9176	5444	7408	1614	-
Seismic Survey (OIL)							
2 D Seismic	Target	LKM	250	350	130	575	175
	Actual		242.68	283.34	196.96	26.16	-
3 D Seismic	Target	Sq. Km	2050	600	300	810	490
	Actual		1234.2	100.06	141.38	62.50	-
ONGC							

Exploratory Drilling	Target	Nos.	130	119	120	77	110
	Actual		103	92	100	78	-
Development Drilling	Target	Nos.	294	278	370	282	425
	Actual		268	254	401	286	-
OIL (17-18 actuals up to Q2)							
Exploratory Drilling	Target	Nos.	109.4	121.1	115.5	73.9	79.9
	Actual		56.8	72.2	81.3	27.7	-
Development Drilling	Target	Nos.	102.3	112.8	104.4	124.4	100.3
	Actual		82.9	82.5	105.4	45.5	-

Note:

i. Drilling operations (both onshore and offshore) have increased in difficulty and complexity, as we have moved into deeper waters and frontier areas where the degree of uncertainty with respect to subsurface is very high.

ii. Efforts are continuously made to improve performance and deal with the complications by introducing latest technology and increased supervision, which has yielded positive results as is evident from 2016-17 onwards.

<u>Funds earmarked for exploratory inputs by ONGC</u>

The details of funds earmarked for seismic survey, exploratory and development drilling activities and actual utilization are as under:

(Rs. in crore)

Particulars	**2014-15**		**2015-16**		**2016-17**		**2017-18**	**Actual 17-18 (upto 30.09.17)**	**2018-19**
	BE	**Actual**	**BE**	**Actual**	**BE**	**Actual**	**BE**	**Actual**	**BE**
Survey	1,912	1,879	2,099	1,519	1,969	1,738	1,534	639	1,611
Exploratory Drilling	12,407	10,925	12,170	7,644	7,181	5,840	7,964	3,405	7,314
Development Drilling	7,839	6,400	8,925	7,117	9,827	9,600	9,048	3,540	10,301

<u>Funds earmarked for exploratory inputs by OIL</u>

The details of funds earmarked by OIL for seismic survey, exploratory and development drilling activities and actual utilization are as under:

(Rs. in Crore)

Sl. No.	Activity	2014-15		2015-16		2016-17		2018-19
		Target	Actual	Target	Actual	Target	Actual	Target (BE)
1								

	Seismic Survey	414.06	391.29	345.3	429.14	416.61	375.46	352.44
2	**Drilling**							
	Exploratory Drilling	1,206.73	752.67	1249.23	934.57	1,376.89	1,622.61	981.14
	Development Drilling	699.83	706.45	807.01	680.91	824.31	914.84	858.79
	Total Drilling	**1,906.56**	**1,459.12**	**2,056.24**	**1,615.48**	**2,201.20**	**2,537.45**	**1,839.93**

Private/JV Companies

The details of funds earmarked by Private/JV companies for seismic survey, exploratory and development drilling activities and actual utilization are as under:

Seismic survey and drilling performance by Private/JV Companies

Year	2D Seismic (LKM)		3D seismic (Sq. KM)		Exploratory Wells (No.)		Development Wells (No.)	
	Plan	Actual	Plan	Actual	Plan	Actual	Plan	Actual
2014-15	2882.36	2521.84	9799.91	2766.52	149	82	136	132
2015-16	16307.5	7337.02	1423	875.16	98	59	94	81
2016-17	6360.5	320.11	896	1701.72	91	36	26	14
Total	**25550.36**	**10178.97**	**12118.91**	**5343.4**	**338**	**177**	**256**	**227**

Investment Plan vis-à-vis Actual by Private/JV Companies

Year	Exploration Investment (US$ Million)		Development Investment (US$ Million	
	Plan	Actual	Plan	Actual
2014-15	1641.5	1394.9	1262.5	1057.8
2015-16	1248.9	512.3	999.3	316.0
2016-17	744.2	272.3	575.0	189.5
Total	**3634.6**	**2179.6**	**2836.9**	**1563.3**

1.63 Enquired as to whether DGH is planning to allot some of the oil fields discovered by ONGC to private operators, the Ministry stated as under:

"Directorate General of Hydrocarbons (DGH)/ Government is studying and evaluating various options for enhancement of domestic production of oil and natural gas in consultation with various stakeholders including ONGC and OIL. Amongst the other options, one of the option is to enter into Production Enhancement Contracts (PEC) between oil field services (OFS) companies and NOCs/ Pvt. & JV companies".

H. Allotment of ONGC blocks to private companies

1.64 When asked as to whether Ministry/DGH have identified some blocks of ONGC/OIL to private players as part of production enhancement policy and the rationale behind this move, the Ministry in its written reply stated as under:

> "Many of the discovered oil and gas fields of the ONGC and OIL could not be monetized for years due to various reasons such as isolated locations, small size, prohibitive development costs, technological constraints etc. Government brought out various policies for early monetization of discoveries made by National Oil Companies to enhance domestic production. Government had earlier allowed private participation in the Pre-NELP discovered fields round in 1992-1993. With a view to increase domestic production of oil and gas, Government in September, 2015 approved the Discovered Small Field Policy for monetization of 69 discovered small fields of ONGC and OIL, which had not been put into production. Directorate General of Hydrocarbons (DGH)/ Government is studying and evaluating various options for enhancement of domestic production of oil and natural gas in consultation with various stakeholders including ONGC and OIL. The options include another round of Discovered Small Field bid, Technical Service Contract Model, and Farming-in Model".

I. Hydrocarbon Exploration and Licensing Policy (HELP)

1.65 On being asked to furnish a note about the various policy initiatives under HELP, the Ministry submitted in its written reply as under:

> "Government has formulated policies to revolutionize the E&P sector. The Policy wise details have been enumerated as under:
>
> **Hydrocarbon Exploration and Licensing Policy (HELP)**
>
> - A new and path breaking model for attracting investment in the E&P sector in tune with the principle of ease of doing business for forthcoming biding rounds.
> - Single License for exploration and production of conventional as well as non-conventional Hydrocarbon resources.
> - Open Acreage Licensing Policy-option to select the exploration blocks without waiting for formal bid round.
> - Revenue Sharing Model-simple, easy to administer- no cost recovery - no micro-management by the Government - operational freedom to the operator.
> - Pricing and Marketing Freedom- a major incentive for investment.
> - Reduced rate of royalty for offshore blocks.
>
> Under Hydrocarbon Exploration & Production Policy (HELP), Government has obtained “Expression of Interest” for 57 blocks which are carved out by the bidders under Open Acreage Licensing Policy (OALP) in the first window from 1st

July, 2017 to 15th November, 2017. Out of these blocks, 55 blocks are being offered in January, 2018 for international competitive bidding process.

The bid closing date for these blocks is slated to be 3rd April, 2018. Under this Policy, bidders will have opportunity to carve out exploration blocks of their choice from the opened Indian sedimentary basinal areas and bid for the blocks twice in a calendar year.

Policy Framework for Early Monetization of CBM

The Government notified the marketing and pricing freedom for CBM to develop alternate sources of natural gas and promote gas economy. Measures to streamline operational issues were also notified. CBM may now be sold on arm‟s length basis while discovering the market price, subject to the stipulations brought out in the notification. This is with an objective that best possible price is realized to the benefit of all the parties to the Contract.

Discovered Small Fields (DSF) Policy

The DSF policy notified earlier by the government is further being strengthened for securing energy needs of the country. It will be helpful in achieving the target of reduction in energy import dependency by 10% by the year 2022.

The First bidding round under the Discovered Small Field Policy was launched on 25th May 2016 in New Delhi thereby offering 67 discovered small fields in 46 contract areas of ONGC and OIL for international bidding. The policy aims at monetizing these discoveries in a time bound manner to boost domestic production of Oil and Gas. In tune with minimum government-maximum governance, the policy is packed with all possible reforms in the E&P sector such as uniform licensing, pricing and marketing freedom, easy to administer revenue sharing mechanism etc. The policy enables and provides attracting features for start-ups to invest in monetizing these fields. The response from the stakeholders has been very encouraging and would lead to monetization of reserves worth Rs 70,000 Cr thereby increasing the domestic production and government revenue through royalty and revenue sharing mechanism. Total 30 contracts for 43 discovered small fields were signed with 20 companies. Out of these, 13 companies were new entrants to the E&P sector in India.

The Government is in the process of launching Second Bidding Round under DSF with the proposal of enhancing scope of the Policy to include fields from the PSC regime as well.

Policy for the Grant of extensions to Pre-NELP Exploration Blocks

Government has approved a policy for grant of extension to the Production Sharing Contracts (PSC) signed by Government of India awarding Pre-NELP Exploration Blocks to enable and facilitate investment to extract the remaining reserves. This policy will enable the contractors to extract the additional reserves by implementing new technologies through fresh investments. The recoverable reserve from these blocks is estimated to be more than 426 million barrel of oil equivalent. During the extension period, contractors are expected to make an additional investment of more than US$ 5.4 billion. The Government share of Profit Petroleum during the extended period of contract would be 10% higher for these fields.

Monetization of Ratna Offshore Field

ONGC has initiated necessary action for development of the Field after cancellation of Letter of Award to Essar Oil Limited and Premier Oil Limited. Field Development Plan (FDP) for the fields under development has been approved by the ONGC Board. Sanctioned capital investment for development of the field is about Rs. 4,000 crore with estimated oil and gas production of about 7 MMT of oil and 0.88 BCM of gas by 2035-36. Government would realize the revenue through cess and royalty from the field.

Gas Pricing Reforms

Government approved the New Gas Pricing Formula in October, 2014 leading to resolution of this long pending issue. The new gas pricing guidelines has struck a fine balance between the requirements of both producing and consuming sectors. To incentivize gas production from difficult areas such as High Pressure High Temperature (HPHT) reservoirs and deepwater and ultra deepwater areas, government has given marketing and pricing freedom. The marketing freedom so granted would be capped by a ceiling price arrived at on the basis of landed price of alternative fuels.

Reform Initiatives to Enhance Domestic Production

To ease out rigidities in the functioning of PSC regime Government approved Policy Framework for Relaxations, Extensions and clarifications for early Monetization of Hydrocarbon Discoveries. These reforms have helped in moving ahead with discoveries with associated reserves of around Rs. 30,000 Cr and have also helped in resolving around 40 pending issues in different contracts. Government has approved a policy on Testing Requirement in NELP blocks to resolve existing dispute on this issue and provide clarity for future. This initiative has helped in monetization of resources of the order of Rs 75,000 Crore. Government approved a policy for grant of extension to the Production Sharing Contracts for small and medium sized discovered fields. The policy provides clarity to investors for planning their investments and would help in monetization of resources of the order of Rs. 50,000 Cr in the extended period.

Permission of Extraction of CBM to Coal India Limited (CIL) & its subsidiaries in coal Mining area.

Government has permitted Coal India Limited (CIL) & its subsidiaries to undertake CBM operations in the coal mining lease areas held by them. This decision will not only help augmenting CBM gas production in the country but will also make the mines safe for operations.

Hydrocarbon Vision 2030 for North East

The Vision aims at doubling Oil & Gas production by 2030, making clean fuels accessible, fast tracking projects, generating employment opportunities and promoting cooperation with neighbouring countries and targets an investment of Rs.1.30 lakh crore till 2030 in North East India.

National Seismic Programme (NSP) of Unapprised Areas
Almost half of India‟s sedimentary areas are yet to be apprised. The Government has taken up an ambitious programme of undertaking 2D seismic survey of entire un-apprised areas. National Seismic Programme was launched on 12th October, 2016. Under the programme, Government has approved the proposal for conducting 2D seismic survey for data Acquisition, Processing and Interpretation (API) of 48,243 Line Kilo Metres (LKM). The estimated cost of the project is Rs.2932.99 crore and the project is proposed to be completed by 2019-20. As on 31st December, 2017, ONGC and OIL have acquired 14,077LKM of 2D Seismic survey".

1.66 Asked as to whether the new licensing policies have had any serious impact on exploration and production activities in the country, the Ministry stated as under:

"NELP achievements are outlined as under:

- 254 exploration blocks in 9 rounds of New Exploration Licensing Policy (NELP) were awarded.
- 48% of Indian sedimentary basin area was opened up for exploration.
- Oil and Oil-Equivalent Gas (O+OEG) in-place reserve accretion under NELP is approximately 1038 MMT as on 01.04.2017.
- A total of 161 hydrocarbon discoveries, comprising of 62 oil and 99 gas discoveries, have been made in 54 blocks. Till now 26 NELP discoveries in 11 blocks have been put on production.
- At present 38 discoveries in 13 blocks are under development. Other Discoveries are in various stages of evaluation/appraisal.
- In FY 2017-18 upto December, 2017, 173 thousand Metric Tonne(TMT) of crude oil and 1652 MMSCM of natural gas has been produced from NELP discoveries".

J. Discovered Small Fields Policy (DSF)

1.67 When asked about the production likely to be commenced under the fields awarded under the DSF policy and the likely production for the coming year, the Ministry stated as under:

"Government has approved the Discovered Small Field Policy to monetize marginal fields of Oil and Natural Gas Corporation (ONGC) and Oil India Limited (OIL) in 2015. Round I of Discovered Small Fields (DSF) Bid Round was concluded in March 2017 wherein 30 Contract areas were awarded (23 Onland & 7 Offshore). As per the revenue sharing contract signed, oil and gas production has to commence within three years from onland fields and 4 years from offshore fields from the data of PML (Petroleum Mining Lease) grant date. Thus, production from these awarded contract areas is likely to commence in 2020-21".

K. IOR/EOR Scheme

1.68 On being enquired about the incremental increase in production of upstream oil companies due to Improved Oil Recovery (IOR) / Enhanced Oil Recovery (EOR) projects, the Ministry submitted as under:

"The details of incremental oil and gas on account of implementation of Improved Oil Recovery (IOR) / Enhanced Oil Recovery (EOR) projects for ONGC, OIL and Private/JV companies are as under:

ONGC

The Improved Oil Recovery (IOR) / Enhanced Oil Recovery (EOR) and redevelopment schemes of ONGC along with envisaged/ cumulative incremental oil and gas gain upto December 2017 are as under:

Sl. No.	Name of the scheme	Date of project completion / Schedule Completion	Envisaged incremental Oil Gain (MMT), Gas gain (BCM)	Cum. incremental Oil Gain (MMT), Gas gain (BCM) up to Dec'17	
				Plan	Actual
Completed Projects					
1	Additional development of Heera Part-I	November 2003	Oil - 3.19, Gas - 0.55 by 2020	Oil-3.045 Gas-0.528	Oil-1.129 Gas-0.242
2	IOR Neelam	June 2005	Oil - 2.06, Gas -1.235 by 2020	Oil-1.951 Gas-1.294	Oil-2.893 Gas-1.299
3	Mumbai High North redevelopment	December 2006	Oil - 23.25, Gas -6.10 (Revised) by 2030	Oil-18.421 Gas-5.070	Oil-18.409 Gas-5.324
4	Mumbai High South redevelopment	May 2007	Oil-33.85, Gas-10.26 (Revised) by 2030	Oil-27.310 Gas-8.452	Oil-30.703 Gas-10.197
5	Additional Development of A1 Layer L-III Reservoir.	March 2008	Oil - 3.49, Gas - 0.79 by 2030	Oil-2.847 Gas-0.652	Oil-3.706 Gas-0.650
6	Additional development of Heera Part-II and exploitation of free gas from Bandra formation	December 2008	Oil -2.645, Gas -3.753 by 2020-2021	Oil-2.083 Gas-3.665	Oil-2.547 Gas-2.244
7	Redevelopment of Heera & South Heera Phase-I	November 2011	Oil-10.685, Gas-2.265 by 2030	Oil-7.881 Gas-2.022	Oil-6.583 Gas-1.636

8	Mumbai High South Redevelopment Project Phase-II	June 2014	Oil – 18.31, Gas – 2.70 by 2029-2030	Oil-14.280 Gas-2.829	Oil-11.104 Gas-4.486
9	Mumbai High North Redevelopment Project Phase-II	June 2014	Oil – 17.354, Gas-2.987 by 2029-2030	Oil-11.631 Gas-1.897	Oil-8.176 Gas-2.370
Sl. No.	**Name of the scheme**	**Date of project completion / Schedule Completion**	**Envisaged incremental Oil Gain (MMT), Gas gain (BCM)**	**Cum. incremental Oil Gain (MMT), Gas gain (BCM) up to Dec'17**	
				Plan	**Actual**
10	Redevelopment of Heera & South Heera fields Phase-II	August 2015	Oil -13.361, Gas -1.665 by 2034-35	Oil-4.860 Gas-1.080	Oil-1.665 Gas-0.491
11	Balol EOR	November 2001	Oil - 6.520 by 2020	Oil-6.673	Oil-2.769
12	Santhal Infill	November 2003	Oil - 0.326 by 2013	Oil-17.823	Oil-8.838
13	Santhal EOR	December 2001	Oil -14.770 by 2020		
14	Sanand EOR	September 2002	Oil - 0.624 (Revised) by 2020	Oil-1.987	Oil-1.406
15	Jotana	October 2004	Oil - 0.915 by 2020	Oil-0.896	Oil-0.612
16	Gandhar	June 2005	Oil -4.338, Gas -2.690 by 2020	Oil-4.161 Gas-2.596	Oil-4.940 Gas-3.447
17	North Kadi Ph.II	November 2006	Oil - 0.363 by 2018	Oil-0.357	Oil-0.599
18	North Kadi Ph.I	April 2007	Oil -1.097 by 2020	Oil-1.011	Oil-1.122
19	Sobhasan	May 2008	Oil-1.194 by 2020	Oil-1.301	Oil-0.907
20	Kalol	July 2010	Oil-2.656, Gas-0.460 by 2020	Oil-2.517	Oil-2.382 Gas-0.436
21	IOR Geleki	August 2013	Oil -4.761, Gas -1.589 by 2023-24 (Revised)	Oil-2.897 Gas-1.046	Oil-2.246 Gas-0.807
22	IOR Lakwa – Lakhmani	September 2013	Oil -3.061, Gas -0.361 by 2023-24 (Revised)	Oil-1.894 Gas-0.177	Oil-1.444 Gas-0.216
23	IOR Rudrasagar	March 2014	Oil – 2.507, Gas – 0.393 by 2023-24 (Revised)	Oil-1.378 Gas-0.219	Oil-0.726 Gas-0.189

IOR / EOR / Redevelopment Projects

ONGC projects Under implementation					
1	Mumbai High North Redevelopment Project Phase-III	May 2018	Oil -6.997, Gas - 5.253 by 2029-30	Oil-2.817 Gas-1.483	Oil-1.899 Gas-0.619
2	Mumbai High South Redevelopment Project Phase-III	March 2019	Oil - 7.547 Gas - 3.864 by 2029-30	Oil-1.365 Gas-0.792	Oil-1.132 Gas-0.858
3	Development of Western Periphery of Mumbai High South field	March 2018	Oil -1.031, Gas - 0.214 by 2029-30	Oil-0.110 Gas-0.029	Oil-0.069 Gas-0.019
4	Neelam Redevelopment Plan for Exploitation of Bassein & Mukta pay-Neelam field	May 2020	Oil-2.76, Gas-4.786 by 2034-35	Oil-0.088 Gas-0.039	Oil-0.000 Gas-0.005
5	4th Phase development of NBP field	November 2019	Oil-2.08 by 2031-32		
6	Gamij Redevelopment Project	December 2018	Oil-1.269, Gas-0.101 by 2036-37		
7	Redevelopment of Santhal field	March 2026	Oil-3.44 by 2029-30		

OIL

The contribution of EOR / IOR efforts in OIL Crude Oil Production in last 3 years is as under:

Year	IOR-EOR Contribution (MMT)
2014-15	1.203
2015-16	1.320
2016-17	1.398

DGH

Mangla Field: EOR Polymerin Mangala field has been implemented and is already operational since 2015, which envisages an incremental gain of 70 MMBBL.Enhance Oil Recovery (EOR) technique viz. Alkaline-Surfactant-Polymer (ASP) pilot is being carried out for full scale implementation in Mangala field.

Aishwariya Field: Aishwariya Field Polymer FDP has been approved by MC on 17.01.2018 which envisages an incremental gain of 2.9 MMBBL till PSC period over base water flood.

1.69 On being asked about the new measures announced by Ministry/DGH to incentivize IOR/EOR Scheme to increase oil and gas production in the country, the Ministry submitted the following information:

> "Directorate General of Hydrocarbons (DGH) has been entrusted to prepare an IOR-EOR policy to promote and incentivise IOR/EOR schemes in India.DGH is in the process of consultation with the stakeholders with a move to preparing a policy".

1.70 When asked about the necessity for formulating an IOR/EOR policy and the likely date of announcement by DGH, the Ministry submitted the following information:

> "The overarching objective of IOR/EOR policy is to encourage more players to explore possible ER techniques/IR techniques/unconventional hydrocarbon production methods, in order to improve productivity of existing fields/start production from challenging hydrocarbon reservoirs and there by enhance the overall production of hydrocarbons in India.
>
> To formulate the IOR/EOR framework, an external consultant was appointed, who after having consultation with various stakeholders has submitted a draft framework on IOR/EOR Policy. The draft Policy framework has been hosted online in January, 2018 for seeking comments/feedback of E&P operators/stakeholders. The policy framework is under examination at DGH".

L. <u>Directorate General of Hydrocarbons (DGH)</u>

1.71 In response to the query regarding major activities/initiatives undertaken by DGH in the last three years, the Ministry submitted the following details:

> "Some of the major activities/initiatives of DGH During the last three years are as follows:

- Hydrocarbon Exploration & Production Policy (HELP)
  Government has notified Hydrocarbon Exploration & Production Policy (HELP) on 30th March, 2016. This policy includes - single License for exploration and production of conventional as well as non-conventional Hydrocarbon resources, option to bidders to carve out blocks of their choice under Open Acreage Licensing Policy (OALP), marketing & pricing freedom, etc.

  Under Hydrocarbon Exploration & Production Policy (HELP), Government has obtained "Expression of Interest" for 57 blocks which are carved out by the bidders under Open Acreage Licensing Policy (OALP) in the first window from 1st July, 2017 to 15th November, 2017. Out of these blocks, 55 blocks have been offered in January, 2018 for international competitive bidding process. The bid closing date for these blocks is slated to be 3rd April, 2018.

- Discovered Small Fields (DSF) Policy

The First bidding round under the Discovered Small Field Policy was launched on 25th May 2016 in New Delhi thereby offering 67 discovered small fields in 46 contract areas of ONGC and OIL for international bidding. The policy aimed at monetizing these discoveries in a time bound manner to boost domestic production of Oil and Gas. Total 30 contracts for 43 discovered small fields were signed with 20 companies. The Government is in the process of launching second bidding round under DSF with the proposal of enhancing scope of the Policy to include fields from the PSC regime as well.

- Re-Assessment of Prognosticated Hydrocarbon Resources of India:
  Re-assessment of Hydrocarbons study in the sedimentary basins of India was initiated in July 2014. On completion of this study in November, 2017, the prognosticated conventional hydrocarbon resources in the country, are estimated to be of the order of 41.87 billion tonnes of oil and oil equivalent of gas, which is 49% more than the earlier estimates.

- Appraisal of unapprised onland Areas – National Seismic Program:
  Almost half of India‟s sedimentary areas are yet to be apprised. The Government has taken up an ambitious programme of undertaking 2D seismic survey of entire un-apprised areas. National Seismic Programme was launched on 12th October, 2016. Under the programme, Government has approved the proposal for conducting 2D seismic survey for data Acquisition, Processing and Interpretation (API) of 48,243 Line Kilo Metres (LKM). The estimated cost of the project is Rupees 2932.99 crore and the project is proposed to be completed by 2019-20. As on 31st December, 2017, ONGC and OIL have acquired 14,077 LKM of 2D Seismic survey.

- Geo-scientific Data Management through Operationalization of National Data Repository (NDR): The Government of India notified the Open Acreage Licensing Policy (OALP) as a part of the Hydrocarbon Exploration and Licensing Policy (HELP) on March 30, 2016. National Data Repository (NDR) is a pre-requisite and key component for making OALP operational to view the surface and sub-surface geological, geophysical and other technical data by the investors. NDR has been launched on 28th June, 2017. National Data Repository (NDR) is managed by DGH. Entire country‟s E&P data will be uploaded in NDR so that any interested party from around the globe can have access to these data and show interest to invest in India. As on 31st December, 2017, 17.6 Lakh Line kilometre(LKM) of 2D Seismic data, 6.5 Lakh Sq. KM of 3D Seismic data and 13,981 well log data have been loaded in NDR system.

- National Gas Hydrate Programme (NGHP): The National Gas Hydrate Project -2 was conducted successfully in Eastern offshore from 9th March 2015 to 31st July 2015. NGHP-Expedition-02 carried out in 2015 drilled 42 wells at 25 sites in Krishna Godavari and Mahanadi area in sand reservoirs for gas hydrates. NGHP-02 has discovered significant gas-hydrate-bearing sand reservoir system in the Krishna Godavari area. Further studies are being carried out to assess the gas hydrate resource potential, reservoir characterization, reservoir delineation and geo-mechanical modelling for seafloor and wellbore stability and identification of sites for pilot production for testing.

- Monitoring of E&P Activities: DGH is also carrying out the monitoring of Production Sharing Contracts(PSC), Revenue Sharing Contracts(RSC), CBM Contracts, field development, reservoir and production. In addition, DGH has reviewed the reserves of new discoveries and Petroleum Exploration License (PEL)/ Mining Lease (ML) in nomination blocks.
- Coal Bed Methane : In order to harness Coal Bed Methane (CBM) potential in the country, CBM blocks were offered through international competitive bidding for exploration and production of CBM in the country for the first time in May 2001. 33 CBM contracts have been signed for CBM operations. As of now, CBM production in the country is about 2.28 MMSCMD in December, 2017.
- Shale Gas and Oil exploration : In order to promote Shale Gas and Oil exploration in India, the Government of India on 14.10.2013 has notified the policy guidelines for exploration and exploitation of shale gas and oil by National Oil Companies (NOCs) in their onland Petroleum Exploration Lease (PEL) / Petroleum Mining Lease (PML) blocks awarded under the nomination regimes. ONGC is carrying out Shale Gas and Oil exploration activities in Cambay, Cauvery, Krishna-Godavari and Assam and Arakan Basins. Oil India is carrying out Shale Gas and Oil exploration activities in Assam and Rajasthan basins. So far ONGC has drilled 22 wells and OIL has also drilled 2 wells in Upper Assam basin & 1 well in Jaisalmer Basin. Further studies are underway".

1.72 On being enquired about the status update on 2D Seismic Survey in On land appraised areas of sedimentary basins of India undertaken by DGH, the Ministry submitted the following information:

> "Out of total sedimentary area of 3.142 Million Sq. Km, an area of 1.502 Million Sq. Km is yet to be appraised. As a base to launch future E&P activities, appraisal of unappraised area is considered an important task for the country. To appraise the unappraised areas, MoP&NG has formulated a plan to conduct 2D seismic surveys in all sedimentary basins of India where no/scanty data is available within the timeframe of 5 years. Directorate General of Hydrocarbons (DGH) has identified the need of about 48,243 line kilometer (LKM) 2D seismic data for appraisal of this area. To cover the 48% of un-appraised area of the sedimentary basins of India under 2D survey, DGH is executing a project through ONGC and OIL which will be completed in the next 5 years.
>
> As on 01.01.2018, 14078 LKM seismic data has been acquired and the project is set to be completed by 2019".

1.73 Further, asked about the setting up of NDR (National Data Repository) undertaken by DGH, the Ministry stated as under:

> "NDR is a Government sponsored data bank to preserve and disseminate Oil & Gas information, which is based on Build, Populate and Operate Model on a turnkey basis. Given that augmentation of data is a continuous process, data is acquired on a perpetual basis.

NDR aims to provide a base for the roll out of Open Acreage Licensing (OAL) mechanism under HELP through data resting a single source. Setting up of NDR is the key facilitator to provide a rapid jumpstart to E&P activities in India. The key beneficiaries of NDR- E&P operators, Govt. agencies, Universities, Research Institutes & Parties entitled by DGH.

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Policy for E&P, Data Assimilation, Disclosure, Sharing, Accessibility & Dissemination through National Data Repository (NDR) approved by Government of India - The objective of this policy was to assimilate, preserve and regulate the E&P data generated by various companies over the last several decades and held within the National Data Repository (NDR) in order to enable systematic disclosure, sharing and dissemination and to standardize the norms for accessibility within the overall provisions of the different Acts, Rules, Government policies and other guidelines as may be applicable. Data Sharing, Accessibility & Dissemination through NDR Given that augmentation of NDR is a continuous process, data is acquired on a perpetual basis from the Operators

- Data can be accessed through web portal on 10"x10" grid
- Users can view the data available in NDR user registering on NDR web portal

- Users can now preview processed seismic image file of 2D/3D data, log data, reports and raw seismic data
- End users can come onboard NDR to view the data in data rooms
- The geological prospectively can be accessed through scanning of data
- Field data/ raw data can be bought from NDR by user or investor for value addition including processing".

1.74 When specifically asked about the policy for geo-scientific data generation for hydrocarbons in Indian sedimentary Basins undertaken by the DGH, the Ministry provided the following details:

"Survey of Offshore areas through Multi-client Speculative Mode: The offshore areas shall be covered under “Multi-client non-exclusive” survey – through which parties from across the globe carry out seismic surveys at their cost and sell seismic data to the potential investors while submitting a license fee and data set to the Government.

Under the programme, 3 Proposals with proposed tentative Volume of LKM 28800 surveys have been received. Status detail of received proposals on Speculative Multi-client Policy for Geo-Scientific Data Generation is as under.

S. No	Name of Service Provider	Survey Details			Validity of Provisional Letter of Consent	Present Status
		Type of Survey	Area	Proposed tentative Volume (LKM)		
1	Electromagnetic Geoservices ASA, Norway	Marine EM (CSEM &MMT) Data Acquisition and Processing	West Coast- Kutch, Saurastra & Mumbai Basin	10079.96 LKM/ 328,286 Sq. Km	Signed Agreement on 08.09.2015.	310.5 LKM of CSEM data has been acquired so far out of modified plan of 802.5 LKM the contractor has submitted the complete data along with reports and deliverables on 20.02.2017. Process for releasing the data delivery Guaranty money is in progress
2	Geoex Limited, UK	2D Seismic survey	Eastern Offshore Andaman Islands	8867.16 LKM		Geoex Ltd, UK submitted Proposal on 06.10.2016. after scrutiny the proposal was sent to MOPNG for MOD &MOHA clearances on 01.02.2017. MOP & NG sent it to MOD & MOHA for clearance on 20.02.2017. Permission from MOD obtained. Permission from MOHA awaited
3	Geoex Limited, UK	2D Seismic survey	Offshore KG Basin	9852.55 LKM		Geoex Ltd, UK submitted Proposal on 06.10.2016. after scrutiny the proposal was sent to MOPNG for MOD & MOHA clearances on 01.02.2017. MOP & NG sent it to MOD & MOHA for clearance on 20.02.2017. Permission from MOD obtained. Permission from MOHA awaited

1.75 When enquired about the re-assessment of hydrocarbon resources undertaken by DGH in the country, the Ministry provided the following details in a written reply:

> "The last assessment of hydrocarbon resources in India was done for 15 sedimentary basins & deep water areas about twenty five years ago. A Multi Organization Team (MOT) was formed to carry out re-assessment of Hydrocarbon Resources of India in all its 26 sedimentary basins. The present project used large amount of geo-scientific data collected through exploration& development activities in the last twenty five years and re-estimated the hydrocarbon resources including yet-to-find hydrocarbon potential. This information will provide the future investors a clear picture as far as the hydrocarbon prospectivity of the basins are concerned.
>
> The project has been carried out by ONGC in association with Oil India Limited and DGH. DGH will provide G&G data for areas other than those operated by ONGC.
>
> The work of hydrocarbon resource assessment was carried out at The Keshav Dev Malviya Institute of Petroleum Engineering (KDMIPE) of ONGC at Dehradun.

Re-assessment of hydrocarbon resources of 26 sedimentary basins including deep water areas has been completed in 27 months from the date of award of work by November, 2017.

As per the recently completed study, the prognosticated conventional hydrocarbon resources in the country, are estimated to be of the order of 41.87 billion tonnes of oil and oil equivalent of gas, which is ~ 49% more than the earlier estimates. Re-assessment of Hydrocarbon Resources of India would indicate higher prospectivity based on more realistic assessment of Indian sedimentary basins which would help attracting more investors during future bidding rounds".

1.76 The Committee noted that the reassessment of Hydrocarbon Resources of 26 basins have been completed. On being asked about the outcome of this exercise in terms of increase in reserves, the Ministry stated as under:

"The prognosticated conventional hydrocarbon resources as per earlier estimates for 15 sedimentary basins and deepwater areas of the country were of the order of 28.1 billion tonnes (oil and oil equivalent of gas) but as per recent Resources Re-assessment study, prognosticated conventional hydrocarbon resource estimates in 26 basin is 41.87 billion tonnes i.e. an increase of 49%.

The basin-wise details of prognosticated conventional hydrocarbon resources are as under:

ESTIMATED HYDROCARBON RESOURCES IN INDIA

Category	Basin	Earlier Prognosticated Resource Estimates	Prognosticated Resource as per Re-assessment Study in 2017-18
Category I	Assam Arakan Fold Belt	1860	1632.8
	Assam Shelf	3180	6001.2
	Cambay	2050	2585.6
	Cauvery	700	1964.4
	Krishna Godavari	1130	9554.5
	Mumbai Offshore	9190	9646
	Rajasthan	380	4126
Category I Total		**18490**	**35510.5**
Category II	Andaman	180	371.4
	Kutch	760	898.4
	Mahanadi	145	650.6
Category II Total		**1085**	**1920.4**
Category III	Bengal	190	828.3
	Ganga	230	128.4

	Himalayan Foreland	150	44.4
	Kerala Konakan	660	1244.6
	Saurashtra	280	1325.2
	Vindhyan	0	632.5
Category III Total		**1510**	**4203.4**
Category IV	Bastar	0	1.3
	Bhima-Kaladgi	0	3.2
	Chhattisgarh	0	25
	Cuddapah	0	5.1
	Deccan	0	11
	Karewa	0	4
	Narmada	0	18
	Pranhita Godavari	0	95.4
	Satpura-S.Rewa-Damodar	0	63
	Spiti-Zanskar	0	11.1
Category IV Total		**0**	**237.1**
Deep Water Areas		*7000	
Deep Water Areas Total		***7000**	
Grand Total		**28085**	**41871.4**

*During the 1995-96 exercise, deepwater areas were not assigned at basin-level and instead a gross volume of 7.0 BTOE was put against deepwater areas between 200m bathymetry and EEZ limit. In the present case, deepwater areas were redefined between 400m bathymetry and EEZ limit and the same was suitably accounted for the basins falling into deepwater. It is therefore not prudent to compare the current estimates with the past basin-level reported volume for those basins with deepwater areas (Mumbai, Kerala-Konkan, KG, Cauvery etc)".

M. Coal Bed Methane (CBM)

1.77 On being asked about the status of CBM production during the year 2017-18 and the details of production during the last two years and targeted production for next two years, the Ministry submitted the following information:

"Significant increase in CBM production has been observed in last few years. It is also expected that commercial production from CBM Blocks Jharia and SP(E)-CBM-2001/I will be started soon. Production during last two years and projected production for next two years is given below

CBM Production data (2015-16) in MMSCM

Block Name	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Total
JHARIA	0.154	0.175	0.167	0.190	0.169	0.146	0.138	0.134	0.147	0.175	0.201	0.243	2.039

RANIGANJ EAST	16.817	18.954	19.270	20.553	21.002	20.522	17.402	17.776	20.297	20.639	20.317	22.948	236.497
RANIGUNJ SOUTH	12.923	12.925	12.593	13.096	13.038	12.661	13.118	12.607	12.815	12.241	12.029	12.877	152.923
SOHAGPUR EAST	0.012	0.010	0.002	0.000	0.000	0.000	0	0.000	0	0.000	0.000	0.000	0.024
SOHAGPUR WEST	0.079	0.087	0.075	0.090	0.094	0.088	0.061	0.164	0.079	0.141	0.274	0.150	1.382
Grand Total	29.985	32.151	32.107	33.929	34.303	33.417	30.719	30.681	33.338	33.196	32.821	36.218	392.865

CBM Production data (2016-17) in MMSCM

Block Name	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
JHARIA	0.195	0.212	0.197	0.294	0.259	0.250	0.309	0.202	0.263	0.322	0.284	0.297
RANIGANJ EAST	24.312	28.632	30.031	32.394	33.677	33.255	35.755	35.111	36.805	37.421	30.636	27.443
RANIGUNJ SOUTH	12.516	13.290	13.019	13.828	13.982	13.787	14.283	14.502	15.312	15.057	13.940	16.082
SOHAGPUR EAST	0.000	0.000	0.000	0.000	0.000	0.000	0	0.000	0.006	0.051	0.030	0.000
SOHAGPUR WEST	0.216	0.513	0.422	0.342	0.317	0.525	0.415	0.472	0.748	0.732	0.619	1.030
Grand Total	37.239	42.647	43.669	46.858	48.235	47.817	50.762	50.287	53.134	53.583	45.509	44.852

CBM Production data (2017-18) in MMSCM

Block Name	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
JHARIA	0.334	0.376	0.329	0.316	0.389	0.342	0.363	0.364	0.37	0.341		
RANIGANJ EAST	27.461	29.156	28.848	30.366	30.236	29.591	30.163	28.729	27.271	25.602		
RANIGUNJ SOUTH	16.006	16.991	16.859	17.513	17.403	16.219	17.141	16.927	17.029	17.528		
SOHAGPUR EAST	0.002	0.000	0.000	0.000	0.000	0.000	0	0.000	0	0.000		
SOHAGPUR WEST	2.461	1.947	4.183	11.444	17.219	17.424	20.359	22.617	26.127	17.453		
Grand Total	46.264	48.470	50.219	59.639	65.247	63.576	68.026	68.637	70.797	60.924	0.000	0.000

CBM BLOCKS - PRODUCTION PROJECTION

Sl. No.	CBM Block	Operator	All figures are in MMSCM					All figures are in MMSCMD				
			Projected FY 2017-18	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2017-18	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22
1	Jharia	ONGC	3.60	20.30	61.20	86.30	165.70	0.01	0.06	0.17	0.24	0.45
2	Raniganj (North)	ONGC	0.00	0.00	0.00	0.00	15.10	0.00	0.00	0.00	0.00	0.04
3	BK-CBM-2001/I	ONGC	0.10	57.00	160.30	263.90	287.90	0.00	0.16	0.44	0.72	0.79
4	NK-CBM-2001/I	ONGC	16.50	52.50	77.30	98.10	107.10	0.05	0.14	0.21	0.27	0.29
5	Raniganj (South)	GEECL	194.62	221.46	270.83	305.14	312.81	0.53	0.61	0.74	0.84	0.86
6	RG(East)-CBM-2001/I	EOL	443.00	550.00	741.00	894.00	912.00	1.21	1.51	2.02	2.45	2.50
7	SP(East)-CBM-2001/I	RIL	0.60	711.80	678.90	602.30	638.80	0.00	1.95	1.85	1.65	1.75
8	SP(West)-CBM-2001/I	RIL	606.10	897.90	974.60	1014.70	992.80	1.66	2.46	2.66	2.78	2.72
	Total		1264.52	2510.96	2964.13	3264.44	3432.21	3.45	6.88	8.10	8.94	9.40

1.78 When asked to furnish an update on the status of CBM blocks being held by ONGC, the Ministry stated as under:

"Status of ONGC operated CBM Blocks (As on 13.02.2018)

There are 9 ONGC operated CBM Blocks awarded till date. 2 Blocks were awarded on nomination while rests 7 CBM Blocks were awarded through bidding process. Details of the blocks are as follows:

Sl. No.	Block	Coalfield	State	Contractor (PI%)	Date of signing contract	Present area (sq. km.)	Present Status
CBM BLOCKS OFFERED ON NOMINATION							
1	Raniganj (North)	Raniganj	West Bengal	ONGC (74)-CIL (26)	06.02.2003	311.8	Development
2	Jharia	Jharia	Jharkhand	ONGC (90)-CIL (10)	06.02.2003	65.1	Development
CBM ROUND-I							
3	BK-CBM-2001/I	Bokaro	Jharkhand	ONGC (80)-IOC (20)	26.07.2002	74.1	Development
4	NK-CBM-2001/I	North Karanpura	Jharkhand	ONGC (55)-IOC (20)-PEPL (25)	26.07.2002	271.5	Development
CBM ROUND-II							
5	SK-CBM-2003/II	South Karanpura	Jharkhand	**ONGC** (100)	06.02.2004	70	Under relinquishment
6	NK(W)-CBM-2003/II	North Karanpura	Jharkhand	**ONGC** (100)	06.02.2004	267	Under relinquishment
7	ST-CBM-2003/II*	Satpura	Madhya Pradesh	**ONGC** (100)	06.02.2004	714	Relinquished
8	WD-CBM-2003/II*	Wardha	Maharashtra	**ONGC** (100)	06.02.2004	503	Relinquished
9	BS(3)-CBM-2003/II*	Barmer Sanchor	Rajasthan	**ONGC** (70)-GSPC (30)	06.02.2004	790	Relinquished

CBM block Jharia is under incidental production. Current production is 0.0101 MMSCMD. Subsequent to the approval of Co-development Plan for simultaneous Operations for Coal & CBM in overlapped area of Parbatpur, commercial production from the block is expected soon".

N. <u>City Gas Distribution (CGD) Network</u>

1.79 The Committee noted that the Prime Minister in his address during Urja Sangam on 27.03.2015 made an announcement that the piped gas connections (PNG) should be increased from 25 lakhs to one crore connections in the next four years. However, it is seen that at present after three years the number of connections have increased to only 40 lakhs. In this regard, when enquired about the Ministry's plan to achieve the target of one crore PNG connections to households along with the timeline, the Ministry submitted the following information:

> "Prime Minister in his address during Urja Sangam on 27.03.2015 made an announcement that the piped gas connections(PNG) should be increased from 25 lakhs to one crore connections in the next four years. In order to promote the expansion of City gas networks and enhance the usage of natural gas in cities, the Government has taken following steps -

i. Domestic gas, which is cheaper than imported gas, has been allocated to meet the entire requirement of PNG (D) and CNG (T) segments of CGD sector and it has been kept under no cut category.
ii. Public Utility Status granted to CGD Projects by Ministry of Labour and Employment.
iii. Ministry of Defence has issued guidelines for use of PNG in its residential areas/unit lines
iv. Department of Public Enterprises (DPE) has issued guidelines to Public Sector Enterprises (PSEs) to have the provisions of PNG in their respective residential complexes.
v. Ministry of Housing and Urban Affairs (MoHUA) has issued advisory to State Governments on following aspects-
    a. To standardize the Road Restoration/permission charges along with time bound permission in accordance with the local conditions.
    b. Earmarking of land plot for development of CNG Stations at the planning stage of town/city and same should be specified in the revised Master Plan.
    c. Relevant modification in building by-laws for providing gas pipeline infrastructure in residential & commercial buildings at architectural design stage.
vi. Further, MoHUA has directed to CPWD & NBCC to have the provisions of PNG in all Government Residential complexes.
vii. The annual investment of JVs promoted by CPSEs was in the tune of around 860 crores in preceding 4 years. Planned Capital Expenditure of Rs. 3400 Crore has been planned for FY 2017-18 against which Rs. 1308 Crore has been utilized in first three quarters of 2017-18. Further it is planned to increase the Planned Capital Expenditure to Rs. 4130 Crore in next Financial Year- 2018-19.
viii. Petroleum & Natural Gas Regulatory Board (PNGRB) is reviewing the current regulatory framework to invite bids for development of city gas network projects.
ix. PNGRB has identified 142 new Geographical Areas/districts where the development of city gas networks will be awarded in coming year.

> In order to enhance the development of CGD network/PNG connection in the country, Hon‟ble Minister, PNG has taken meeting on 6.09.2016 and 5.12.2017

with the official of State Governments and representatives from OMCs & CGD companies.

A meeting of Committee of Secretaries (CoS) was held on 28.9.2017 under the chairmanship of Cabinet Secretary to review the progress of City Gas Distribution network.

A meeting was also held on 30.01.2018 under the chairmanship of Principal Secretary to Prime Minister to review the progress of CGD network in the country.

Further, this ministry is periodically reviewing the progress of CGDs to achieve one Crore connection target. For the current year, GAIL has been assigned a target to connect 10 lakh new Households with PNG supplies through its subsidiary/JV CGD companies in MoU 2017-18.

CPSEs have been advised to suitably capture the targets related to CGD sector in the Performance Appraisal Reports of concerned Directors/Executives in JV/Subsidiaries.

36 CGD entities are developing CGD networks in 94 Geographical Areas (GAs). The clean cooking fuel i.e. PNG (Domestic) to households is being provided by these CGD networks and the progress of PNG (domestic) connections in last 5 years and current year are as under:

Financial Year	**Total PNG**
FY 2012-13	22.22 Lakh
FY 2013-14	25.42 Lakh
FY 2014-15	28.69 Lakh
FY 2015-16	31.69 Lakh
FY 2016-17	36.08 Lakh
FY 2017-18 (till January 2018)	41.17 Lakh

1.80 On being asked about the likely date for the next round of bidding for CGD network expansion and PNG network, the Ministry stated as under:

"Revised CGD Regulation is under finalization by PNGRB. After finalization of the said Regulation, future round of bidding will be rolled out by PNGRB in phased manner".

1.81 When asked to give the status update on the achievement in regard to the proposal of the Government to connect one crore households through PNG network in 5 years, the Ministry replied as under:

"PNG supplies are made by the CGD entities. As per the data available with the PNGRB, as on December 1, 2017, there are approximately 40.00 Lakh domestic PNG connections in the country. As part of the terms and conditions of authorization CGD entities, PNGRB prescribes Minimum Work Program (MWP) for each Geographical Area calculated in accordance with provisions of extant

Regulations and bid conditions. PNGRB has so far authorized 91 Geographical Areas (GAs) for development of CGD Networks in the country with the overall domestic PNG connection target of 104.72 Lakh by the year 2022 as tabulated below:

Figure in Lakh

Month/Year	March, 2018	March 2019	March 2020	March 2021	March 2022
Target for domestic PNG connections (No.)	82.40	92.70	98.63	102.45	104.72

It may be noted that domestic PNG connection targets are fixed in accordance with provisions of extant Regulations and bid conditions in a specific GA, which were to be met by the entity in the initial five years from date of authorization. However, the entities are expected to expand PNG domestic connection base in the GA based on commercial feasibility".

1.82 On being asked about the progress made to develop City Gas Distribution (CGD) network in new geographical areas during the last year, the Ministry stated as under:

"The progress made to develop City Gas Distribution (CGD) network in new geographical areas during 2016-17 and the current year (April to September 2017) is given in the table below:

Financial Year	New Geographical Areas Added	Entity	PNG Number	CNG Stations
2016-17	UT of Dadra & Nagar Haveli	Indian Oil-Adani Gas Pvt. Ltd	58	0
	Ernakulam	Indian Oil-Adani Gas Pvt. Ltd	102	0
	Chandigarh	Indian Oil-Adani Gas Pvt. Ltd	2350	2
	Allahabad	Indian Oil-Adani Gas Pvt. Ltd	744	3
	Bengaluru	GAIL Gas Ltd.	2446	3
	Raigarh	Mahanagar Gas Ltd.	45	1
	Kovvur	Godavari Gas Pvt. Ltd.	0	1
2017-18 (April to Sept 2017)	Daman & Diu	Indian Oil-Adani Gas Pvt. Ltd	68	1
	Kota	Rajasthan State Gas Ltd.	235	3
	Palanpur	IRM Energy	0	2
	Patan	Sabarmati Gas Ltd.	0	2

1.83 Asked about the increase in number of cities and consumers covered by Piped Natural Gas (PNG) during the year 2015-16, 2016-17 and 2017-18 along with the targets and achievements and the targets for 2018-19, the Ministry stated as under:

"The increase in number of Geographical areas and domestic consumers covered by piped natural gas (PNG) during the years 2015-16, 2016-17 and 2017-18 (up to Sept.2017) is given in the table below:

Financial Year	New Geographical Areas Added	Total PNG Domestic Consumers (as on March 31st)	PNG Consumers Added
2014-15	-	28.70 Lakh	-
2015-16	2	31.64 Lakh	2.94 Lakh
2016-17	7	35.86 Lakh	4.22 Lakh
2017-18 (up to 1st December, 2017)	4	39.82 Lakh	3.96 Lakh

O. CNG stations

1.84 When asked about the progress made in the implementation of CNG projects in the country and the expansion targets vis-a-vis actual achievements in this regard during the last three years, the Ministry submitted the following information:

> "CNG stations can be set up in the authorized Geographical Areas by CGD entities. Further in order to facilitate development of CNG stations in other areas, PNGRB has formulated a policy to issue No Objection Certificates (NOCs) to entities who intend to set up CNG stations.
>
> The progress made in the implementation of CNG projects in the country during the last three years and current year (April to Sept.2017) is given in the table below:

Financial Year	Total CNG Stations (as on March 31st)	CNG Stations Added
2013-14	966	-
2014-15	1010	44
2015-16	1081	71
2016-17	1233	152
2017-18 (up to Sept 2017)	1273	40

P. Ethanol Blended Petrol

1.85 When asked to furnish the quantity of ethanol procured during each of the years including the tender processed during 2017-18 till December, 2017 and the trend of blending percentage every year and the targets for 2018-19, the Ministry submitted as under:

> "Details regarding tender quantity, quantity procured and blend percentage achieved during 2015-16 to 2017-18 are tabulated as follows:

Ethanol Supply Year	Tendered Quantity (crore litres)	Quantity Procured (crore litres)	Blending %age achieved by PSU OMCs
2015-16	266.0	111.0	3.51%

2016-17	278.3	66.5	2.07%
2017-18 (Till Dec., 2017)	313.0	3.28 #	1.15% *

Ethanol Supply Year – 01st December to 30th November

Ethanol Procurement status for the period 01st December 2017 to 6th February 2018

*Blending percentage for the period 01st December 2017 to 31st December 2017".

1.86 Elaborating about availability of ethanol for EBP programme, the representative of the Ministry made the following submissions during the oral evidence:

".... about the Ethanol blending, if you see the figures, which you have mentioned, in 2013-2014 from 38 crore litres we came to 111 crore litres in 2015-2016. Now, in this year, what we are showing here is not the financial year. It is the Ethanol supply year because that is relevant in the sugar industry. So, it is basically from December to November. So, when we mention 2016-2017, this is December 2016 to November 2017.

Now, this number went down to 66.5 crore litres in 2016-2017. Actually, 111 crore litres was the highest ever, and if you would kindly recall that the Standing Committee held two meetings on the Ethanol issue. So, as far as the industry is concerned, all the issues with the suppliers have been sorted out.

Now, the major problem is availability of Ethanol. In the country, the approximate Ethanol availability is 300 crore litres and out of that about 130 crore litres goes to liquor, which is sort of non-negotiable for States because that is a major revenue source for them.

That leaves around Rs.170 crore, out of which about Rs.60 crore to Rs.80 crore goes to chemicals. That leaves about Rs.100 crore to Rs.120 crore for blending. This is the maximum possible. This year because of drought in Karnataka and Maharashtra, the overall sugarcane production and ethanol production reduced considerably. Because of that, we did not get. Though we issued an EOI for 266 crore litres, we could only get 66.5 crore litres from the suppliers. 78 crore was the contracted amount but the actual supply was only 66.5 crore. The only long-term solution is the alternative sources of ethanol which is the second-generation ethanol that we are talking about and our companies are going to establish".

1.87 The Committee have learnt that six MoUs have been signed to set up 2nd Generation Ethanol Plants in five locations. When asked to furnish the details of the project cost, source of funding and timeline for completion and the fate of remaining plants, the Ministry submitted the following information:

"Oil PSUs are establishing 12 2G Ethanol bio-refineries across 11 states of the country, viz. Punjab, Haryana, Uttar Pradesh, Gujarat, Madhya Pradesh, Maharashtra, Karnataka, Odisha, Bihar, Assam and Andhra Pradesh. On 7.12.2016, six MoUs were signed between Oil Marketing Companies and Technology Providers (5 MoUs) / State Government (1 MoU) for setting of 2G ethanol plants in five locations viz. Dahej (Gujarat), Bina (Madhya Pradesh), Panipat (Haryana), Bathinda (Punjab) and Bargarh (Odisha). The approximate expenditure for raising each Biorefinery is around Rs. 800-1000 crore and it is expected that an amount of Rs. 10000 crore will be spent by Oil PSUs in setting up these 12 Biorefineries.

Some of the Oil PSUs, namely, HPCL, BPCL and NRL have completed Detailed Feasibility Report (DFR) of their projects in Punjab, Madhya Pradesh, Odisha and Assam. The PSUs are planning to commence the mechanical erection work subject to statutory approvals & clearances. Oil PSUs are also in process of floating tenders for seeking biomass suppliers and other works relating to biorefinery establishment.

The details of MoU signed and their corresponding details with regard to projects is as under:

Sl. No.	OMC Name	Location	MoU signed with	DFR Project cost	Source of funding	Timeline of completion
1	IOCL	Dahej, Gujarat	Praj Industries Ltd.	Yet to be finalised	Internal	3 years from the date of approval
2	IOCL	Panipat, Haryana	Praj Industries Ltd.	Yet to be finalised	Internal	3 years from the date of approval
3	BPCL	Bina, Madhya Pradesh	ICT	Rs. 730 crore	Internal	3 years from the date of approval
4	BPCL	Bargarh, Odisha	Praj Ind. Ltd.	Rs. 725 crore	Internal	3 years from the date of approval
5	HPCL	Bhatinda, Punjab	Govt. Of Punjab – Department of Investment promotion	Rs. 789 crore	Internal	3 years from the date of approval
6	HPCL	Bhatinda, Punjab	ICT	Rs. 789 crore	Internal	3 years from the date of approval

1.88 While commenting on the second generation ethanol bio-refineries, the official of the Ministry made the following submission during oral evidence:

"...So, the second generation is basically the bio-mass based like wheat straw, rice straw or crop stubble and all that can be converted into ethanol.

...Cost is the major issue right now. That is why, there was a meeting of the Cabinet Secretary where he has asked our company to have some pilot plants on commercial scale and we are also coming out with a viability gap funding scheme. As the Secretary mentioned, we are coming with a scheme to make it viable because the cost is an issue right now and cost-wise it is higher than the first generation. The first generation is a molasses based.

...I was coming to that. This year, we have already got the allocated quantity of 140 crore litre. Again, we will get another ten crore to 15 crore this year. This year, we are likely to get the highest ever ethanol from 2017-18. We already contracted 140 crore litres and another EOI has been issued in which we will get 10 crore to 15 crore litres.

... Pricing is not an issue. We have fixed a price of Rs.40.85. This is exclusive of transportation and taxes. As compared to the petrol price which is Rs.30 roughly, we are paying Rs.40.85 for ethanol, which is roughly Rs.10 more than the petrol price.

Another source which the hon. Member was mentioning was converting directly sugarcane juice, whenever there is an excess availability of sugarcane. We are proposing that in the new bio-fuel policy. Whenever there is excess sugarcane, the Food Ministry can allow direct conversion of sugarcane to ethanol".

1.89 When asked whether any study has been done about the cost difference between the imported crude oil and then converting it into petrol and the second-generation ethanol, the Ministry official made the following observation:

"The first-generation ethanol itself is more expensive than petrol. So, the second-generation is more expensive. But the issue is that we are supporting the second-generation ethanol because in addition to this, it is also addressing a major issue of environment, like in Delhi and adjoining area, the crop burning which is taking place. This will address this issue because farmers will get some money for their crop and they will not burn".

1.90 Asked as to whether vehicle can run on 100 per cent ethanol, the Ministry official clarified as under:

"...It is not in India. But, Brazil is the only country in the world which has vehicles which can run on hundred per cent ethanol and their normal blending level is 28 per cent. So, the petrol you get is 28 per cent and then you also have ethanol. Like in the petrol pump, you have a petrol dispenser and the ethanol dispenser. But, in Brazil, all the automobile companies have come out with special model for Brazil which can run on higher ethanol up to 100 per cent because they have a higher availability of it".

Q. NGHP and Shale Gas

1.91 Regarding the steps taken and progress made so far during the last two years under National Gas Hydrates Programme (NGHP) and in shale gas exploration, the Ministry submitted the following details in a written reply:

> "Under NGHP-Expedition-02, 42 wells at 25 sites in Krishna Godavari and Mahanadi area in sand reservoirs for gas hydrates were drilled. NGHP-02 has discovered gas-hydrate-bearing sand reservoir system in the offshore Krishna Godavari basin. Simulation studies for identifying potential gas hydrate reservoir are being conducted to establish the possible technics/methodology to produce natural gas from gas hydrates. Decision in respect of entering into the NGHP-Expedition-03, would be taken on the results of R&D production tests underway in Japan & other places.
>
> During last two year 2015-17, ONGC has drilled 10 wells to ascertain the potential of shale gas in Cambay, Krishna Godavari and Cauvery Basins. In addition, OIL has also drilled 4 wells for shale gas in Rajasthan and Assam Basins".

R. Bio-fuels

1.92 Asked as to whether there is any proposal by the Ministry/OMCs to set up bio-CNG plants, the Ministry gave the following written reply:

> "Indian Oil Corporation Ltd. (IOCL) is considering setting up Bio-CNG Plants through entrepreneurs, where IOCL will provide off-take and marketing assistance of Bio-CNG through its retail outlet (Bio-CNG Stations). They have also signed a MoU on 15.1.2018 with Punjab Energy Development Authority (PEDA), Government of Punjab for setting up 400 such plants in Punjab in association with PEDA".

S. Refining

1.93 When the Committee enquired about the details of new green field refineries and expansion plans of existing public sector refineries of the country both ongoing and proposed along with their current status, the Ministry submitted the following information:

> "In order to meet the continuously rising domestic demand of fuel products, the refining industry has drawn up plans for enhancing crude processing capacity through the following means which are at different stages of implementation:
>
> - Debottlenecking of existing assets;
> - Expansion of existing refineries; and
> - Grassroot refinery projects.
>
> Refinery capacity expansion plan of Indian PSU refiners:

IOCL	Capacity (MMTPA)			
	Existing	2020	2025	2030
Guwahati	1.0	1.2	1.7	1.7
Barauni	6.0	6.0	9.0	9.0
Gujarat	13.7	13.7	18.0	18.0
Haldia	7.5	8.0	8.0	8.0
Mathura	8.0	8.0	9.2	9.2
Digboi	0.65	0.65	0.65	0.65
Panipat	15.0	15.0	25.0	25.0
Bongaigaon	2.35	2.7	2.7	4.5
Paradip	15.0	15.0	21.0	21.0

HPCL	Existing	2020	2025	2030
Mumbai	7.5	9.5	9.5	9.5
Visakh	8.3	15.0	15.0	15.0

BPCL	Existing	2020	2025	2030
Mumbai	12.0	12.0	12.0	12.0
Kochi	15.5	15.5	20.0	20.0

ONGC	Existing	2020	2025	2030
Tatipaka	0.066	0.066	0.066	0.066

MRPL	Existing	2020	2025	2030
MRPL	15.0	15.0	18.0	18.0

NRL	Existing	2020	2025	2030
Numaligarh	3.0	3.0	9.0	9.0

CPCL	Existing	2020	2025	2030
CPCL-Manali	10.5	10.5	10.5	10.5
CPCL-CBR	1.0	1.0	9.0	9.0

Joint Venture	Existing	2020	2025	2030
HMEL-Bathinda	11.3	11.3	11.3	11.3
Bina	6.0	7.8	15.0	15.0

Green Field Refinery:-

Other refiners	Capacity (MMTPA)			
	Existing	2020	2025	2030

Ratnagiri Refinery & Petrochemicals Limited (RRPCL)	-	-	60.0	60.0
Rajasthan Refinery Project	-	-	9.0	9.0

1.94 When enquired on the status of Barmer refinery and whether any roadmap has been prepared and targets set, the CMD of HPCL responded during oral evidence as under:

> "...It is a definite roadmap and the refinery will be commissioned by the year 2022. For this the work has already been started. As on date there are 250 people working at the site. Out of its 12 units, tenders have been floated for process licence selection of 10 and orders amounting to Rs. 200 crores have been placed".

1.95 When asked to furnish a note on the proposed refinery in Rajasthan by HPCL along with the pattern of financing and time lines for completion of the project, the Ministry in its written reply submitted the following information:

> "On request of HPCL, MOP&NG has granted its approval vide letter dated October 9, 2017 for setting up the Rajasthan Refinery project at Pachpadra in Barmer district of Rajasthan with the Revised Cost Estimate of Rs 43,129 crore (at February 2017 prices), with a package of incentives assured by Government of Rajasthan (GOR). The completion schedule of the project is 4 years from the zero date. Unveiling of plaque to mark commencement of work of Refinery was done by the Prime Minister on 16.01.2018".

T. Internal And Extra Budgetary Resources (IEBR) of oil PSUs

1.96 When asked to furnish the details of the actual expenditure incurred against the budgeted account under different heads of the annual plan of Oil PSUs (both upstream and downstream) during the year 2017-18, the Ministry submitted as under:

> "The total BE Internal & Extra Budgetary Resources (I&EBR) of Oil & Gas CPSEs for the year 2017-18 is Rs.86027.28 crore and actual expenditure upto Dec.,2017 is Rs.62232.32 crore. Activity-wise BE and actual expenditure is given below:

Activity-wise BE and Actual Expenditure during 2017-18 (upto Dec.'17)

(Rs. in crore)

Sector/Activities	2017-18	
	BE	**Actual Expenditure (Upto Dec.'2017)**
1. Exploration & Production	52749.14	41143.02

2. Refinery & Marketing	31796.82	18975.51
3. Petrochemicals	1431.33	2048.02
4. Engineering	50.00	65.77
Total Oil & Gas Sector	**86027.29**	**62232.32**

1.97 On being asked to provide the details regarding different heads under which the PSUs under the MoPNG allocate its budget along with allocation made during the last three years, the Ministry submitted the following information:

"Year-wise Budget Estimates (BE) of Internal & Extra Budgetary Resources (IEBR) of Oil and gas CPSEs under different heads during 2014-15 to 2017-18 is given below:

Internal and Extra Budgetary Resources (I&EBR)- BE for 2014-15 to 2017-18

(Rs. in crore)

Sectors/ Activities	**2014-15**	**2015-16**	**2016-17**	**2017-18**
	BE	**BE**	**BE**	**BE**
Exploration & Production	57502.23	55079.13	60131.45	52749.14
Refinery & Marketing	20054.6	20256.02	24845.7	31796.82
Petrochemicals	3008.99	1130.31	2187.41	1431.33
Engineering	69.00	100.00	50.00	50.00
Total Oil & Gas Sector	**80634.82**	**76565.46**	**87214.56**	**86027.29**

1.98 On being asked about the target set for expenditure under the head exploration activities during the year 2017-18 for upstream oil companies and the actual expenditure made for that purpose by each company, the Ministry stated as under:

"BE for 2017-18 as proposed by upstream Oil and Gas CPSEs and actual expenditure upto December, 2017 is as follows:

(Rs.in crore)

Sl.No.	**CPSEs**	**IEBR (BE) 2017-18**	**Total Actual Expenditure * (upto Dec.'17)**
1	**2**	**3**	**4**
1	ONGC	29967.82	26497.76
2	OVL	7088.00	4042.45
3	OIL **	9252.34	7213.78

* = Provisional

** = Out of total IEBR of Rs.9252.34 crore, total CAPEX (including JV/Subsidiaries) investment is Rs.4289.56 crore".

1.99 On being asked about the allocations and utilisation of financial resources made under different heads by oil PSUs along with the PSU-wise figures relating to actuals 2016-17, BE 2017-18, RE 2017-18 and BE 2018-19, the Ministry submitted the following details:

"Sector and CPSE-wise Internal & Extra Budgetary Resources (IEBR) relating to actual 2016-17, BE and RE for 2017-18 and BE for 2018-19 is as follows:

(Rs.in crore)

Name of the CPSEs	2016-17	2017-18		2018-19
	Actuals *	**BE**	**RE**	**BE**
Exploration & Production				
ONGC	28006.41	29967.82	37217.76	32077.12
GAIL	1608.85	1951.73	3119.00	4592.00
HPCL	15.23	36.25	0.00	0.00
BPCL	7061.07	1500.00	1500.00	800.00
IOCL	6991.03	2953.00	1468.47	409.04
OIL	11083.24	9252.34	4262.74	4299.99
ONGC-Videsh	17616.99	7087.99	6393.00	5886.00
Sub-Total	**72382.82**	**52749.13**	**53960.97**	**48064.15**
Refining & Marketing Sector				
IOCL	12947.80	15890.35	16125.42	20331.16
HPCL	5742.03	7073.75	7110.00	8425
BPCL	9463.69	5600.64	5600.00	4900
CPCL	1269.11	845.00	865.00	1010
NRL	503.35	1260.95	375.00	428
MRPL	597.69	1126.13	1126.13	744
Sub-Total	**30523.67**	**31796.82**	**31201.55**	**35838.16**
Petro-Chemicals Sector				
IOCL	798.10	1318.44	1254.86	2122.14
HPCL	0.00	0.00	0.00	0
GAIL	205.20	101.27	190.00	130
BPCL	423.79	0.00	700.00	1700
MRPL	18.71	11.62	11.62	0
NRL	0.00	0.00	0.00	0
Sub-Total	**1445.80**	**1431.33**	**2156.48**	**3952.14**
Engineering Sector				
Balmer Lawrie	73.75	50.00	65.00	125
Engineers India Ltd. (EIL) $				1355.64
Sub-Total	**73.75**	**50.00**	**65.00**	**1480.64**
TOTAL	**104426.04**	**86027.28**	**87384.00**	**89335.09**

* = Provisional

** Due to printing error Rs.15 crore proposed for Balmer Lawrie has not been accounted for in RE 2017-18.

$ EIL included for the first time.

1.100 The Committee noted that the total IEBR outlay for investment in PSUs during BE 2018-19 has been reduced to Rs. 48,064.15 crore from Rs. 53,960.97 crore of RE 2017-18. When asked to explain the reasons for the same, the Ministry submitted the following information:

"Reasons for reduction in IEBR for exploration and production activities during 2018-19 compared to RE for 2017-18 as reported by the respective CPSEs are given below:

ONGC:

RE 2017-18 of Rs.37217.76 crore includes Rs.7,560 crore towards acquisition of 80% PI in Deendayal West field of GSPC. Therefore, if this acquisition cost of Rs.7560 crore is excluded from RE 2017-18 for a like to like comparison, then BE 18-19 is actually higher than RE 17-18.

OVL:

ONGC Videsh operates overseas, mostly in Joint ventures with other international partners. Its Outlay is dependent upon the Annual work plan as agreed by consortium / work commitment to host government. As such the outlay is a reflection of agreed Annual work plan.

During BE 2018-19 there is a reduction in survey activity by 704 LKM (i.e. from 975 to 271 LKM) in BE 2018-19 as compared to RE 2017-18. Similarly there is a reduction in Drilling activity by 22 wells (i.e. from 106 to 84 wells) in BE 2018-19 as compared to RE 2017-18.

GAIL:

During 2018-19 BE Rs.4592.00 crore proposed for exploration and production activities against RE for 2017-18 of Rs.3119.00 crore. It may be noted that there is no decrease in capex outlay for Exploration & Production (E&P) sector in BE 2018-19 vis-à-vis RE 2017-18. E&P budget for individual financial years is based on the Minimum Work Programme (MWP) committed in the Production Sharing Contract (PSC). Since exploration activities for the E&P blocks awarded in NELP-IX (awarded in the year 2012) and prior to that are either completed or likely to be completed in next one year, the exploration budget is reducing for the year 2018-19 as compared to year 2017-18. Expenditure in blocks CB-ONN-2010/8 and CB-ONN-2010/11 for the year 2017-18 is towards exploration wells while the plan for year 2018-19 for these wells is towards appraisal work program and budget is prepared accordingly.

The estimated capex for block CB-ONN-2000/1 for the year RE 2017-18 is towards drilling of development wells which is planned to be completed by March 2018 and no significant capex is envisaged in this block during BE 2018-19. Capex in blocks A-1 and A-3 Myanmar is based on development and exploration plans for these blocks during 2017-18 and 2018-19.

IOCL:

During 2018-19 BE Rs.409.04 crore proposed for exploration and production activities against RE for 2017-18 of Rs.1468.47 crore. The reasons for reduction are as follows:

- BE/RE allocation for E&P is predominantly on account of acquisitions.
- At time of finalizing BE/RE, inorganic acquisitions foreseeable in near future are considered and provision for the same is considered in proposed BE/RE.
- BE 2018-19 has been worked out based on the project status and opportunities in hand which is on a reduced scale as compared to BE/RE 2017-18.
- However, IOCL is on the lookout for new opportunities and as & when they arise, CAPEX towards the same would be financed through internal resources.

BPCL:

During 2018-19 BE Rs.800.00 crore proposed for exploration and production activities against RE for 2017-18 of Rs.1500.00 crore. The reasons for reduction are as follows:

In the Foreign Blocks exploration phase is over and now the blocks are progressing to appraisal/ pre-development phase. This phase involves studies such as Front-End Engineering Design, preparation of plan of development, environmental studies etc, and leading to Final Investment decision. This phase requires less capex than the exploration phase, which requires significant capex during activities such as drilling of wells and acquisition of seismic data etc. Post Final Investment decision is taken level of activities and associated capex in the blocks will increase in line with activities proposed for development.

Additionally in case of Madanam block in Cauvery basin the grant of Petroleum Mining lease is awaited from Tamil Nadu government leading to delay in construction of associated facilities as per field development plan although well drilling activities are progressing. Further in 2017-18, BPRL is targeting acquisition of a producing/exploratory asset.

As explained, in 2018-19 majority of the assets would be in predevelopment stage. Once Final Investment Decision in the respective assets is taken the investment would pick up.

HPCL:

During 2018-19 there is amount proposed under BE of Rs 15.23 crore for exploration and production activities against BE for 2017-18 of Rs.36.25 crore. The reasons for the same are as follows:

HPCL has non-operating minority participating interest (PI) in consortium with other E&P Companies in 20 exploration blocks, all of which were allotted in NELP Rounds. All these blocks except one are under relinquishment. BE 18-19 is made based on intimation/work programme received from operators and the expected expenditures proportionate to HPCL‟s PI is NIL. The actual expenditure will be based on calls received from Operators".

1.101 It is learnt that the IEBR allocation for investment in ONGC for BE 2018-19 is Rs. 32,077.12 crore as against Rs. 37,217.76 crore of RE 2017-18. When asked to furnish reasons for the same, the Ministry stated as under:

"RE 2017-18 of Rs.37217.76 crore includes Rs.7560 crore towards acquisition of 80% PI in Deendayal West field of GSPC. Therefore, if this acquisition cost of Rs.7560 crore is excluded from RE 17-18 for a like to like comparison, then BE 18-19 (at Rs 32077.12 crore) is actually higher than RE 17-18 (Rs 29657.76 crore)".

1.102 The Committee noted that there has been variation in the IEBR allocation for investment in GAIL during the last three years BE 2017-18, RE 2017-18, and BE 2018-19. When asked to furnish the reasons for the same, the Ministry stated as under:

"GAIL:

(Rs in crore)

Particulars	BE 2016-17	RE 2016-17	BE 2017-18	RE 2017-18	BE 2018-19
Total Capex	1787.59	2293.00	3253.00	3709.00	6396.00*
Less: Government Grant for Jagdishpur-Haldia & Bokaro-Dhamra Pipeline (JHBDPL)	-	450.00	1200.00	400.00	1674.00
Capex from IEBR	**1787.59**	**1843.00**	**2053.00**	**3309.00**	**4722.00**
Reason for variation in BE & RE of each year	Total Capex has increased due to Government Grant for JHBDPL of Rs.450 crore granted in RE 2016-17. Capex is increasing mainly due to increase in estimated equity investment in GAIL Gas, RGPPL and BCPL.		Although total Capex has increased by Rs. 456 crore but due to decrease in estimated Government Grant for JHBDPL by Rs. 800 crore, total increase in Capex from IEBR is Rs. 1256 crore. Capex is increasing mainly due to increase in estimated Pipeline and Operational capex.		

*Reason for increase in Capex from IEBR over the last 3 years is mainly due to increase in capital outlay towards Pipelines such as Jagdishpur Haldia Bokaro Dhamra Pipeline (JHBDPL), Kochi-Koottanad-Bangalore-Mangalore Pipeline (KKBMPL), Vijaipur Auraiya Phulpur Pipeline etc".

1.103 It is learnt that the IEBR outlay for refining and marketing sector has been enhanced for IOCL, HPCL, CPCL, NRL but the same has been reduced for BPCL and MRPL. When asked to provide the justification, the Ministry stated as under:

> **"IOCL:**
>
> During 2018-19, BE for 2018-19 is Rs.20331.16 crore proposed under Refining and Marketing sector against RE for 2017-18 of Rs.16125.42 crore. The main reason for higher allocation is due to increase in estimated expenditure in the ongoing refinery projects pertaining to fuel quality upgradation from BS IV to BS VI.
>
> **BPCL:**
>
> Against BE of Rs.5600.64 crore and RE of Rs 5600 crore under Refining and Marketing sector during 2017-18, the BE during 2018-19 has been reduced to Rs 4900 crores. Reason for lower BE is due to phasing of project cost for the major on-going projects and delay in obtaining approvals for two major marketing pipeline projects from State Govt. Under Refining sector, major project viz. Integrated Refinery Expansion Project (IREP) at Kochi Refinery with total project cost of Rs.16504 crores has been completed & commissioned during 2017-18.
>
> **CPCL :**
>
> The main reasons for higher BE 2018-19 (Rs 1010 crore) as compared to RE 2017-18 (Rs 865 crore) is due to implementation of quality improvement projects to meet BS VI specifications with effect from 01.04.2020 for which major proportion of expenditure is expected during 2018-19.
>
> **HPCL:**
>
> During 2018-19, BE for is Rs.8425.00 proposed under Refining and Marketing sector against RE for 2017-18 of Rs.7110.00 crore. The main reason for higher allocation is due to increase in estimated expenditure in the ongoing refinery projects pertaining to fuel quality upgradation from BS IV to BS VI.
>
> **MRPL:**
>
> MRPL has recently completed the Phase III Refinery Expansion Project, Polypropylene Project and SPM Project with total project cost of above Rs.16000 crore. Various Secondary Processing Units under its Phase-III Expansion Project has also been recently commissioned. This expansion has entailed substantial capital outlay and barrowings. As a result of reduction of resources etc., the BE2018-19 capital outlay has been approved by the Board at lower amount than RE 2017-18.
>
> **NRL:**
>
> NRL‟s IEBR in BE 2018-19 is Rs. 428 crore compared to Rs. 375 crore in RE 2017-18. The IEBR outlay in 2018-19 has been increased based on project activities anticipated during 2018-19".

1.104 The Committee noted that the IEBR allocation for petro-chemical sector at BE 2018-19 for IOCL and BPCL has been drastically increased but the same has been reduced in respect of GAIL and further no allocation has been made in respect of

MRPL. When asked to provide the reasons for the same, the Ministry submitted the following information:

"GAIL:

Rs.101.27 crore has been proposed in BE 2017-18 and Rs.190 crore in RE for 2017-18. Against this Rs.130 crore has been proposed in BE for 2018-19. The reasons for reducing IEBR for Petrochemicals in BE 2018-19 compared to BE/RE for 2017-18:

- Completion of Solar rooftop at Pata Petrochemical Plant during 2017-18
- Decrease in estimated Operational Capex in Petrochemical Plant from Rs.167 crore in RE 2017-18 to Rs.125 crore in BE 2018-19

BPCL:

Under Petrochemical sector, the RE 2017-18 for project „Propylene Derivative Petrochemicals project (PDPP)" at Kochi Refinery is Rs.700 crore. During 2018-19, the anticipated CAPEX expenditure on this project is around Rs.1700 crore as per the phasing of expenditure based on project progress.

IOCL:

BE 2018-19 is higher than the BE / RE 2017-18 mainly due to provision of equity infusion in Hindustan Urvarak & Rasayan Ltd (HURL).

MRPL:

MRPL has already completed its Polypropylene unit (Petrochemical Sector). Further expansion/outlay in the Petrochemical Sector has not been envisaged in BE18-19".

U. Organisations under Ministry of Petroleum and Natural Gas

(i) Petroleum Conversation Research Association (PCRA)

1.105 On being asked about the total Budgeted allocation for PCRA for the year 2018-19 and details regarding the allocation of funds for PCRA during the last three years and the utilization of funds under different activities, the Ministry stated as under:

"The Budget allocation for PCRA for 2018-19 is as under:

Petroleum Conservation Research Association

Statement of Allocation and Utilisation of Funds (Budget & Actuals)

Sl .No .	HEADS OF EXPENDITURE	2015-16 (Rs. in Lac)		2016-17 (Rs. in Lac)		2017-18 (Rs. in Lac)		2018-19 (Rs. in Lac)
		Budget	Utilisation	Budget	Utilisation	Budget	Utilisation upto 23.01.2018	Budget (Proposed)
ALLOCATION OF FUNDS								

A	OGCF Grant From Oil Companies	100.00	87.00	94.24	94.24	100.00	5.50	100.00
B	Contribution of Oil Companies for Maga Campaign	1,725.00	1,507.00	1,775.75	1,749.00	1,800.00		1,800.00
C	Internal Revenue Generation	600.00	522.00	552.33	504.43	1,000.00	947.03	600.00
D	Grant received from OIDB	4,113.00	4,113.00	4,125.00	4,125.00	4,855.00	2,314.96	5,513.00
TOTAL FUNDS		**6,538.00**	**6,229.00**	**6,547.32**	**6,472.67**	**7,755.00**	**3,267.49**	**8,013.00**
UTILISATION OF FUNDS								
E	**Revenue**							
1	Field Activities	580.00	543.00	1,374.00	1,368.34	1,450.00	751.67	1,350.00
2	Education Campaign	2,505.00	2,341.00	1,414.77	1,414.77	2,200.00	293.60	2,700.00
3	Research & Development	69.00	68.00	88.76	87.59	90.00	18.56	90.00
4	Training & Development	2.00	2.00	6.63	6.63	15.00	10.15	18.00
5	Software Development / Internet connection	38.00	38.00	26.29	25.81	30.00	9.02	98.00
6	(i) Establishment Expenses	2,040.00	1,972.00	2,309.86	2,246.29	2,850.00	1,458.63	3,000.00
	(ii) Administration Expenses	575.00	573.00	600.00	596.23	650.00	444.56	700.00
	(ii) Committed/Deferred liabilities (Previous Year)	676.00	676.00	675.98	675.98	400.00	231.64	-
Sub Total (E)		**6,485.00**	**6,213.00**	**6,496.29**	**6,421.64**	**7,685.00**	**3,217.83**	**7,956.00**
F	**Capital**							
7	Facility Oriented Items	6.00	4.00	0.66	0.66	10.00	5.1	10.00
8	Instrument & Equipment for Energy Audit etc.	2.00	1.00	0.67	0.67	10.00	0.03	10.00
9	Computers & Peripherals	45.00	11.00	49.70	49.70	50.00	6.14	37.00
Sub Total (F)		**53.00**	**16.00**	**51.03**	**51.03**	**70.00**	**11.27**	**57.00**
Total Utilisation for PCRA Activities (E+F)		**6,538.00**	**6,229.00**	**6,547.32**	**6,472.67**	**7,755.00**	**3,229.10**	**8,013.00**

(ii) Oil Industry Safety Directorate (OISD)

1.106 On being enquired about the total budgeted allocation for OISD during 2018-19 and details of BE, RE, and actuals for the last three years, along with the utilization of funds year-wise under different heads, the Ministry stated as under:

"OISD is a technical Directorate under Ministry of Petroleum and Natural Gas and is been funded by Oil Industry Development Board (OIDB). Budget allocation of OISD is given under:

OIL INDUSTRY SAFETY DIRECTORATE

(Rs.in lacs.)

S. No.	**Account Heads**	**BE 2015-16**	**RE 2015-16**	**ACTUALS 2015-16**	**BE 2016-17**	**RE 2016-17**	**ACTUALS 2016-17**	**BE 2017-18**	**RE 2017-18**	**ACTUALS 2017-18 (Upto Dec'17)**

(A)	**REVENUE EXPENDI TURE**	**1669.00**	**1631.00**	**1596.42**	**1841.00**	**1762.00**	**1598.28**	**1888.00**	**1826.06**	**1369.09**
(B)	**CAPITAL EXPENDI TURE**	**1696.00**	**1641.00**	**1606.45**	**1866.00**	**1769.50**	**1602.56**	**1904.00**	**1834.78**	**1373.02**
(C)	**Less - Income**	**79.00**	**136.00**	**134.98**	**99.00**	**72.00**	**86.37**	**113.64**	**195.61**	**95.07**
	GRAND TOTAL (A+B-C)	**1617.00**	**1505.00**	**1471.47**	**1767.00**	**1697.50**	**1516.19**	**1790.36**	**1639.17**	**1277.95**

(iii) Petroleum Planning & Analysis Cell (PPAC)

1.107 When asked about the total budgeted allocation of PPAC during 2018-19, details of allocations under different heads by the PPAC and BE, RE, and actuals for the last three years, along with the utilization of funds year-wise, the Ministry submitted the following information:

"PPAC sources its budget as grants from Oil Industry Development Board (OIDB). The proposed budgeted allocation of PPAC during the year 2018-19 is Rs. 27.21 crore, which would shortly be placed before the next Governing Body Meeting for approval. Details of allocation under different heads are as under:

(Rs. in crore)

Sl. No.	Description	BE 2018-19*
1	Revenue	26.08
2	Capital	1.13
	Total :	27.21

* = Proposed

BE, RE and actuals for the last three years, alongwith the utilization of funds year-wise are as tabulated below:

(Rs. in crore)

Heads	2015-16			2016-17			2017-18		
	BE	RE	Actual	BE	RE	Actual	BE	RE	Actual (upto Dec.,2017) *
Revenue	18.41	19.05	17.82	21.34	21.07	19.45	22.85	22.79	13.60
Capital	0.26	0.57	0.58	0.29	0.14	0.13	3.14	3.12	1.90
Total	**18.67**	**19.62**	**18.40**	**21.63**	**21.21**	**19.58**	**25.99**	**25.91**	**15.50**

* = Provisional

(iv) Petroleum and Natural Gas Regulatory Board (PNGRB)

1.108 With regard to the details of funds provided for PNGRB during the year 2017-18 and the actual utilisation upto 31st December, 2017 and funds allocated in the budget for the year 2018-19, the Ministry stated as under:

"The details of funds provided for PNGRB during the year 2017-18 & for the year 2018-19 and actual utilisation upto 31st December is as under:

Particulars	BE 2017-18	Actual Utilisation as on 31st December, 2017	BE 2018-19
Salary Head	Rs.7.97 crores	Rs.5.34 crores	Rs. 7.90 crores
General Head	Rs.10.37 crores	Rs.6.69 crores	Rs. 10.47 crores

1.109 When enquired about the important activities carried out by PNGRB during the year, the Ministry stated as under:

"Important Achievements/ activities carried out by PNGRB during 2017-18 (Till 17th January 2018) is as under:

1) Authorization of Natural Gas pipeline through bidding process: -

PNGRB has approved authorization of Kakinada-Vijayawada-Nellore Natural Gas pipeline

2) Authorization of Natural Gas pipeline under section 42 of the PNGRB Act, 2006: -

As per the Central Government Policy directive under section 42 of the PNGRB Act, 2006 PNGRB has approved authorization of Jagdishpur- Haldia -Bokaro-Dhamra Natural Gas Pipeline.

3) Authorization of City Gas Distribution networks under section 42 of the PNGRB Act, 2006:-

Further, Board has approved authorization of the six City Gas Distribution networks namely Varanasi, Patna, Ranchi, Jamshedpur, Bhubaneshwar and Cuttack as per policy directive issued by Ministry of Petroleum and Natural Gas under section 42 of the PNGRB Act, 2006. Letter of Intent has been issued and Performance Bank Guarantee Submitted by GAIL on 16th January, 2018. Authorization letters will be issued shortly.

4) Authorization of City Gas Distribution networks under 8th round bidding: -

Board has approved the authorization for development of City Gas Distribution network of the following Geographical areas in the 8th round bidding for the following Geographical areas: -

1. Karnal (Haryana)
2. Ambala &Kurukshetra (Haryana)

3. South Goa (Goa)
4. Yanam (Puducherry)
5. Bagpat (Utttar Pradesh)
6. Kolhapur (Maharashtra)
7. Bulandshahr (Uttar Pradesh)

5) Regulations approved: -

1) PNGRB (Determination of Petroleum and Petroleum Products Pipeline Transportation Tariff) Amendment Regulations, 2017 which has been notified on 19.12.2017
2) Board has approved amendments in PNGRB (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009 which has been notified on 05.01.2018.
3) Board has approved amendments in PNGRB (Technical Standards and Specifications including Safety Standards for Petroleum and Petroleum Product Pipelines) Regulations, 2016 which has been notified on 05.01.2018.
4) Board has approved PNGRB (Technical Standards and Specifications including Safety Standards for Liquefied Natural Gas Facilities) Regulations, 2017.

6) Draft Regulations under process: -
The draft Amendment of the Petroleum and Natural Gas Regulatory Board (Authorizing Entities to Lay, Build, Operate, or Expand City or Local Natural Gas Distribution Networks) Regulations, 2008 has been web hosted for public consultation.

7) Empanelment of Third Party Inspection Agencies completed: -
Two Third Party Inspection Agencies (TPIAs) has been empanelled for carrying out audit jobs related to Petroleum & Petroleum Product Pipelines under PNGRB (Technical Standards and Specifications including Safety Standards for Petroleum and Petroleum Products Pipelines) Regulations, 2016 and two TPIAs has been empanelled for carrying certifications related to PNGRB (Codes of Practices for Emergency Response and Disaster Management Plan (ERDMP)) Regulations, 2010.

8) Preparation for next bidding round: -
PNGRB is in the process of identifying Geographical Areas (GAs) for future bidding rounds for development of City Gas Distributions (CGD) networks, covering various Tiers of cities in the country in which demands from various state Governments for PNG coverage will also be considered depending upon the natural gas pipeline connectivity/natural gas availability etc.".

(v) Centre for High Technology (CHT)

1.110 When asked about the Budgeted allocation for the year 2017-18 and the actual utilisation upto 31st December, 2017 and funds allocated in the budget for the year 2018-19, the Ministry stated as under:

> "Established in 1987, Centre for High Technology (CHT) acts as the Technical Wing of MoP&NG for implementation of scientific and technological programmes of Govt. of India. Major function of CHT include assessment of technology requirement, operational performance evaluation and improvement of the refineries. CHT is funded by OIDB. The Budgeted allocation (BE) for the year 2017-18 is Rs 22.05 crore. The actual utilization up to 31st December 2017 has been Rs 15.39 crore.
>
> Budget allocation for Rs 32.20 crore for the year 2018-19 will be put up for approval in the 36th Meeting of the Governing Council of CHT expected to be held in February, 2018".

(vi) Society for Petroleum Laboratory (SFPL)

1.111 When asked to furnish a brief note on important activities carried out by SFPL during the year, the Ministry stated as under:

> **"Details of the important activities carried out by SFPL for the last two years are as under:**
>
> Core activity of Fuel Testing Laboratory is to test the samples supplied by PSU OMCs and Statutory Authorities (District Food and Supplies Controllers) of NCT/NCR areas. Samples are tested in FTL NOIDA which was established in March, 2000 and started functioning in November, 2000. The Laboratory has state of the art facilities for testing the quality of Petrol, Diesel and Kerosene. Since inception upto 31-3-2017 a total of 12118 samples were tested.
>
> Details of testing of samples in NCR region for the last two years is as follows:

Period	MS	HSD	Kerosene	FO*	Total
2016-17	298	308	3	8	617
2017-18 (1.4.17 to 31.12.17)	181	213	1	0	395

* for sulphur content only as directed by EPCA

V. Mode of Recruitment in the Institutions / Organisations under the Administrative Control of Ministry of P&NG

1.112 Asked to provide details regarding the sanctioned strength, actual strength, mode of appointment (DR/Deputation/Contract) of OISD, PCRA, CHT, DGH, OIDB, PNGRB, RGIPT, PPAC, IIPE and SFPL, the Ministry stated as under:

"Requisite reply is as under;

Name of organisation	Sanctioned strength	Actual strength	Mode of appointment	Remarks
OISD	51	35	Deputation	• The table indicated sanctioned vs actual strength of officers only. • Against the sanctioned strength of 15 Nos. of staff, 2 Nos. of staff are available which is adequate. • Immediate requirement of 10 Officers has been requested (IOCL-2, BPCL-2, HPCL-4 & 1 each from GAIL & OIL).
PCRA	86	79	Deputation	-
CHT	45	20	Deputation -13 Contract - 7	• There is no direct recruitment in CHT • Manpower is drawn from oil and gas PSU companies on deputation/retired officers from PSU oil companies engaged as advisors on contract.
DGH	220	195	Deputation from Oil & Gas PSUs and Consultants on Contract	-
OIDB	30	20	Promotion, failing which by deputation/DR as mentioned in the RR of each part.	
PNGRB	44	35	Deputation / Contract	-
RGIPT	75	66	Direct Recruitment	• The sanctioned strength is as per UGC norms 10:1:1 (student : Faculty : Staff Ratio). • Out of 66, 6 are on Contract and 4 are Deputation basis.
PPAC	43	33	Deputation	All employees (except Director General) are on deputation from oil & gas companies. Director General is on deputation from Govt. of India.
IIPE	Nil	20	Contractual	Since no permanent posts have yet been created, all the staff and

				faculty are on contractual basis except the Director who is appointed by the Ministry under 7th CPC.
SFPL	1	1	Post of Executive Director is advertised in press with desired qualifications and experience etc. selection of candidate is for a tenure of about 3-5 years. As it is not a regular post selection is done by SFPL once in every 3-5 years	SFPL manages Fuel Testing Laboratory Noida by outsourcing it"s operation and maintenance to CSIR-IIP Dehradun under a long term MOU. Regular manpower for core activity like testing of autofuel samples is deployed by IIP as per conditions of MOU.

1.113 In response to further query that while the deputation and not the direct recruitment is the mode of appointment in respect of most of these organisation, the Ministry commented as under:

Name of the organisation	**Comment**
DGH	DGH is manned in terms of para 6 of the Government Resolution, dated 8th April, 1993, which reads as under: The Directorate General will be manned by such staff as the Ministry in consultation with the Director General decide and shall also be drawn from the oil industry on deputation/tenure basis. The Director General will be appointed by Government on tenure/deputation basis and drawn from the oil industry/Government. Specialists from outside the oil companies, as considered necessary, may also be appointed as consultants/advisors on contractual basis."" The staff in DGH is normally drawn on deputation from oil PSUs. DGH have also engaged Advisors/Consultants and few staff on contractual basis as provided under the said Resolution.
PPAC	Government vide gazette notification dated March 30, 2002 stated that it has been decided to dismantle the Administered Pricing Mechanism in the petroleum sector effective April 1, 2002 and as a result the Oil Coordination Committee (OCC) will stand abolished effective April 1, 2002. This notification further stated that the Government would still need to discharge some of the functions, presently being performed by the OCC, as such functions would continue to remain within the domain of the Government. Therefore, it has been decided to create a “Petroleum Planning and Analysis Cell” (PPAC), to be attached to Ministry and assist it, inter alia,

	in the discharge of the functions mentioned in the gazette notification. The structure of PPAC given in this notification was broadly based on the structure of the erstwhile OCC, with *necessary modifications.* As OCC was manned mostly by employees on deputation from PSU oil companies who had the requisite domain knowledge, the same pattern was continued by PPAC. It is also pertinent to mention that this gazette notification gives the "Job Group" of the approved positions in terms of job groups of a Schedule „A" public sector undertaking. Therefore, the form of appointment at PPAC continues to be on deputation basis. Employees in PPAC are on deputation from oil & gas companies except the Director General who is on deputation from the Government of India.
PCRA	As per mandate of Governing Body, PCRA sources its manpower on deputation basis from member companies.
CHT	CHT, being the technical wing for the downstream Hydrocarbon sector assists MOP&NG in benchmarking, performance improvement of refineries, performance monitoring and various other technical matters. It also provides secretarial assistance to Scientific Advisory Committee on Hydrocarbons of MoP&NG, set up to promote innovation and R&D in the downstream hydrocarbon sector. To fulfil the above task, CHT needs professionals having overview and experience in refining technical services and R&D downstream hydrocarbon sector. Accordingly, CHT has been drawing officers from oil PSUs on deputation. Besides, experienced retired personnel from oil PSUs are also being taken on contract.
OISD	To ensure proper implementation of various aspects of safety in the Oil & Gas industry, Government of India vide MoP&NG Resolution no R-13013/4/84-0R-1 dated 10th January, 1986, set up the "Safety Council" at the Apex level under the administrative control of MoP&NG as a special self-regulatory industry agency for safety matters & procedures in respect of Hydrocarbon sector. To assist the Safety Council a technical directorate namely the Oil Industry Safety Directorate (OISD) was set up. In the above MoP&NG Resolution it is mentioned that Safety Directorate will be manned by experts from the oil industry, who will be appointed on tenure basis. Further, it may be mentioned that Oil & Gas industry is a very critical industry handling potential hazardous hydrocarbons and in this sector specific domain expertise is essential. This domain expertise is possible to be acquired only through hands-on working knowledge in the highly complex operations of the PNG industry – an experience which resides within the industry only. Therefore, OISD is manned with domain experts drawn from various oil companies on deputation basis.
PNGRB	There is no permanent cadre in PNGRB and the mode of appointment is through deputation. Accordingly, posts are filled through deputation from Central Government officers and PSUs. In addition, consultants and Contractual staff are engaged no need basis or to supplement the posts filled through deputation from PSUs.
IIPE	All the appointments made as of now, both faculty and staff, are on contractual basis except the Director whose recruitment was direct by the Ministry by a

	Search Committee. Director was appointed on Apex scale under 7th CPC effect from 1st May, 2017.
OIDB	OIDB is a statutory body with its sanctioned posts and as per Recruitment Rules, the mode of filling these posts is promotion failing which deputation and direct recruitment in that order.
RGIPT	There is no staff on deputation in RGIPT, Jais. There are 2 officers each on deputation to RGIPT, Assam and Energy Centre Bengaluru, to run the temporary set up.

W. International Cooperation

1.114 The Committee noted that no new overseas assets have been acquired by Indian PSUs during the last one year. When asked to furnish the reasons along with fund constraints or lack of opportunities for buying overseas assets, the Ministry submitted the following information:

> "In order to augment India‟s energy security, PSU Oil and Gas companies continuously look for quality producing overseas assets. These assets are acquired after techno-commercial due diligence. Indian Consortium recently acquired 10% stake in Lower Zakhum offshore field in UAE which gives them access to 1.74 MMTPA over the next 40 years. This is the first foot print of Indian oil and gas companies in the Gulf region. Indian companies also acquired exploratory assets in Namibia and Israel during the last one year. The PSU oil and gas companies raise funds on the strength of their own balance sheet and parent company guarantee from the national and international financial institutions".

1.115 When asked to furnish an update in the progress made in the TAPI pipeline project during the last one year, the Ministry stated as under:

> "The update in the progress made in the TAPI pipeline during the last one year is as follows:

- The project office of TAPI Pipeline Company Limited (TPCL) has been established at Dubai, UAE.
- The Company (TPCL) has engaged M/s ILF Beratende Ingenieure GmbH (ILF), Germany as the technical consultant. ILF‟s mandate is to provide Project Management and FEED Consultancy Services for the Afghanistan – Pakistan section of the Pipeline. The ground breaking ceremony for the Afghanistan portion was held in Kabul on 21st February 2017, while the same for the Pakistan portion was held on 03rd March 2017. ILF would assist TPCL in carrying out various pre-FID activities such as Detailed Route Survey, Front End Engineering Design, Environmental and Social Impact Assessment etc. The Company floated major tenders for procurement, surveys etc.

- In October 2017, ILF completed data collection, pipeline maps, pipeline constraints maps, pipeline alignment, location class report and station location.
- TPCL has also engaged M/s Allen and Overy LLP as the legal counsel.
- The 25th Steering Committee meeting for the Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline Project was held on February 22, 2018, in the city of Mary, Turkmenistan. The groundbreaking ceremony of the Turkmenistan section of the TAPI pipeline project was held on February 23, 2018 at Serhetabat, Turkmenistan.
- The agenda included key issues for the further practical implementation of this ambitious project. In particular, it was decided to divide the construction of the project into stages and approved a timetable for their implementation. In addition, the meeting participants paid special attention to the selection of a financial adviser, the possibilities of attracting external funding, and also discussed the legal status of the agreements planned for signing with the host governments".

X. Oil Majors / Merger of Oil PSUs

1.116 When enquired about the status of acquisition of HPCL by ONGC along with the details about the cost of acquisition and arrangement of funds for the purpose of ONGC, the Ministry submitted the following details in a written reply as under:

> "Consequent to approval to the Government of India"s decision to sell its existing 51.11% shareholding in HPCL to ONGC, for total consideration of Rs.36,915 crore Share Purchase Agreement was entered into. Accordingly, the Share Purchase Agreement was executed on 20.1.2018 between President of India and ONGC.
>
> The closing of the transaction for strategic acquisition of 51.11% paid-up capital in HPCL from Government of India took place on 31st January, 2018. On the closing day, purchase consideration of Rs.36,915/- crore was paid in the designated bank A/c of the MoPNG and ONGC received credit of 77,88,45,375 equity shares of HPCL in its DP Account.
>
> Internal funds of Rs.12,034 crore was used to fund the transaction and balance amount of Rs.24,881 crore was arranged through loan from commercial banks".

1.117 On being enquired as to whether there are any other proposals of integrating oil PSUs in the near future, the Ministry stated as under:

> "At present, there is no other proposal of integrating Oil PSUs".

1.118 When enquired about the proposal of the Ministry to bifurcate GAIL, the Ministry submitted as under:

"In the year 1984, GAIL was established for transportation, processing and marketing of natural gas and for establishing and managing gas pipelines and related installations.

The Government in 2006 issued the Policy for Development of Natural Gas Pipelines and City for Local Natural Gas Distribution Networks vide which it is envisaged in the policy that in the long run and with the maturing of gas markets, the authorized entities will have transportation of natural gas as their sole business activity and will not have any business interest in the gas marketing or city or local gas distribution networks".

1.119 On the specific query about interest shown by some Oil PSUs to acquire GAIL and also on proposal to split GAIL into two units, during oral evidence the representative of the Ministry submitted as under:

"...You mentioned of certain companies expressing interest in acquiring GAIL. The background is that in the last year Budget Speech, the Finance Minister had mentioned about consolidation of companies, out of which one has materialised, that is, ONGC has acquired HPCL. At that point of time, some other companies had also expressed interest. I think, at that point of time, BPCL had written and there was a Parliament Question to which we had given a reply. So, this news item must have originated from that. At that point of time IOC as well as BPCL had expressed interest, but no decision has been taken on it. So, it remains at that stage that they expressed interest and that is all.

As regards unbundling of GAIL, the natural gas policy is an old policy. In fact, in 2006, this policy, that is in public domain, which essentially mentions that we are moving towards a gas economy and more usage of gas because our usage of natural gas is comparatively lower than average global standards. So, as we move towards a more gas-based economy, there is a conflict of interest between the activities of transportation of gas and marketing of gas.

In fact, as you would kindly recall GAIL was hived out of ONGC. ONGC was producing oil and gas, and also transporting it. GAIL was hived out of ONGC for transportation of natural gas, and then slowly it also acquired the activities relating to marketing of gas. So, it is a well-accepted fact that there is some conflict of interest between the same entity that carries out transportation of natural gas and also markets it. The broad policy roadmap was that these activities should be separated. So, we have not been able to move towards it.

Now, over a period of time when more players have come into gas marketing, today, in the natural gas marketing there are State Government Enterprises. For example, Gujarat is a major player and GSPC is a major player in gas marketing and also in gas transportation. Petronet LNG has also come up as a joint venture of 3-4 oil companies, which imports gas from abroad and then sells it to other companies, then IOC or BPCL or even probably HPCL also would be having plans. Now, anybody can enter into these activities like refining, marketing and there are no restrictions. So, the new entities have come up in the play and sooner or later we may have to take a call. So, we have asked the PNGRB to look into this issue of how to resolve this conflict and come up with some suggestion. So, at present, it is at that stage. There is no decision".

1.120 When asked about whether BPCL and IOC have shown any interest to acquire GAIL as part of the Ministry‟s policy of creating an „Oil Major‟, the Ministry submitted the following:

"Oil and Gas Public Sector Undertakings (PSUs) including Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) had written to the Ministry for integration with GAIL (India) Limited (GAIL). However, Government has not taken any decision in this regard".

Y. <u>Expenditure incurred by OIL PSUs on account of Litigations</u>

1.121 When asked to furnish the number of legal cases being fought by the Oil PSUs in various judicial bodies during the last two years along with the costs incurred in such exercise, the Ministry provided the following details:

Name of the PSU	**Year**	**No. of Cases**	**Expenses (Rs. In crore)**
ONGC	2016-17	1491	16.96
	2017-18	1455	14.75
IOCL	2016-17	8186	14.72
	2017-18 (till Jan‟18)	8999	12.48
OIL	2015-16	82	3.83
	2016-17	116	5.15
GAIL	2016-17	174	11.40
	2017-18(till 26.2.18)	179	9.52
Balmer Lawrie	2015-16	74	1.16
	2016-17	76	0.67
NRL	2015-16	101	0.85
	2016-17	106	1.23
MRPL	2016-17	16	0.19
	2017-18	25	0.07
EIL	2015-16	59	1.05
	2016-17	74	1.17
BPCL	2015-16	3936	6.68
	2016-17	4338	9.39
OVL	2015-16	6	0.52
	2016-17	6	0.51
HPCL	2015-16	5104	9.86
	2016-17	5241	12.72
CPCL	2015-16	97	0.51
	2016-17	95	0.32

1.122 Further, when queried as to whether the Ministry has issued any direction/order in the past to Oil PSUs to continue the legal process upto the highest appellate forums available for appeal, the Ministry submitted as under:

> "Oil PSUs take decisions as per the legal advice given by their legal Departments. As far as Government of India is concerned, decisions are taken as per advice received from Department of Legal Affairs".

PART-II

OBSERVATIONS / RECOMMENDATIONS

In pursuance of Rule 331E (1) (a) of Rules of Procedure and Conduct of Business in Lok Sabha, the Demands for Grants (2018-19) in respect of different Ministries/Departments stand referred to concerned Departmentally related Standing Committees. The Standing Committee on Petroleum and Natural Gas (2017-18) have examined the Demands for Grants (2018-19) of the Ministry of Petroleum and Natural Gas under its jurisdiction and this Report of the Committee deals with it. The recommendations/observations of the Committee are in succeeding paragraphs:-

1. Pradhan Mantri Ujjwala Yojana (PMUY)

The Committee note that one of the important budget announcements for 2018-19 is to increase the coverage of the number of women beneficiaries under Pradhan Mantri Ujjwala Yojana (PMUY) scheme to 8 crore BPL households. The Committee further note that more than 3.38 crore LPG connections have already been released under this scheme so far. Presently, the beneficiaries are identified through the list prepared on the basis of Socio-Economic Caste Census (SECC) 2011. However, during all these seven years, several new households have come into being and significant number of new people have become eligible for availing connection under the scheme. The Ministry has informed that it proposes to expand the scheme covering all SC/ST households beneficiaries of Prime Minister Awas Yojana, forest dwellers, Most Backward Classes (MBC), Tea & ex-tea Garden tribes, etc having no LPG Connection to cover the more number of BPL households and it is in the process of bringing out the guidelines in this regard. The Committee, therefore, recommend that the Ministry should finalise the guidelines at the earliest to expand the Scheme and also consider the inclusion of new households which have come into existence after 2011 so as to make the scheme more inclusive and successful.

2. Allocation of funds to implement PMUY

The Committee note that the budget allocation for 2017-18 (BE) was Rs. 2500 crore towards expenditure on providing LPG connections to poor households under Prime Minister Ujjwala Yojana. However, the RE figures for 2017-18 show that the expenditure has been reduced to 2251.81 crore and this expenditure has already been incurred by 31st December, 2017 itself. The Ministry has mentioned that due to overall ceiling conveyed by the Ministry of Finance for RE 2017-18, the funds for the scheme has been restricted to Rs. 2251.81 crore. The Committee are unhappy with such approach of the Ministry reducing the allocation for PMUY at RE stage. The scheme is being implemented with specific targets providing LPG connections to women of BPL households. Due to non-availability of funds in the last quarter of the Financial Year 2017-18, the pace of implementation of the scheme must have suffered. The Committee take comfort from the allocation of Rs. 3200 crore for the year 2018-19 BE. However, considering the target of 5 crore connections set for PMUY during the current year 2018-19, the Committee opine that more funds will be required for achieving the targets and funds constraint will slow down of the pace of the implementation of the scheme in the middle of the year. The Committee therefore, recommend that the Ministry of P&NG should ensure that there is no constraint of funds during the year 2018-19 and should seek additional funds as soon as the funds allocated at BE 2018-19 is spent.

3. Cash Incentive for Kerosene Distribution Reforms and DBTK

The Committee note that the Ministry has been following a two pronged strategy for implementing DBTK for Kerosene. One is to encourage states to join DBTK scheme by either opting for Direct Benefit Transfer (DBT) or taking voluntary cuts in their annual PDS Kerosene allocation and get financial benefits or to opt for both.

The Committee note that Jharkhand is the first state in the country to implement DBTK in all the districts of the state. The states of Haryana, Punjab and Andhra Pradesh have become kerosene free. Further, the UTs of Delhi,

Chandigarh, Daman & Diu, Dadra & Nagar Haveli and Puducherry have also become kerosene free. Against the BE of Rs. 150 crore in 2017-18, an amount of 34.25 crore has been spent for 2017-18. The main reason for under utilisation of the budget during 2017-18 was that the quarterly utilisation certificate has not been received from Jharkhand Government from the month of August, 2017. The Committee note that an amount of Rs. 96 crore has been allocated for the year 2018-19 under BE and would recommend the Ministry to monitor the utilisation of funds and follow up with the State Governments concerned.

The Committee note that some of the states are taking voluntary cuts in the annual PDS Kerosene and cash incentives have been provided to them. The Committee note that an amount of Rs. 254 crore have been provided in BE 2018-19 for this purpose under cash incentive for kerosene distribution. The Committee appreciate the initiative of the Ministry to stop leakages in PDS Kerosene but point out that in some of the states which have taken voluntary cuts, the citizens suffer due to non availability of kerosene which not only serve for their cooking needs but also for illumination purposes particularly in villages and hilly areas. Therefore, the Committee would like to emphasis that while pushing for this reform, the Ministry should ensure that because of these measures, the common man is not affected as kerosene is not freely available in all parts of the country particularly in villages and remote areas. The Committee, therefore, recommend that the Ministry should consider parameters like availability of electricity, availability of LPG and also availability of kerosene freely in open market before allowing the states to accept voluntary cuts to join the scheme.

4. <u>Indian Strategic Petroleum Reserves Limited (ISPRL)</u>

The Committee note that the strategic caverns constructed by ISPRL for storage of crude oil in Mangalore is ready for storage. It has been informed that the ISPRL has signed a definitive agreement with ADNOC of UAE to store crude oil in one of the caverns in the Mangalore Strategic Petroleum Reserve facility and the first cargo is expected in May 2018. The Committee also note that ADNOC can sell the crude to only to Indian refiners. The crude will be replenished within a

specific period as when it is sold. The government will have the right to the entire crude when it feels there is an emergency. The Committee note that the price of oil will be the official selling price plus freight and transportation cost on the date of purchase. The Committee would like the Ministry should negotiate with ADNOC for the acceptance of freight and transportation cost of the date on which the crude was brought to cavern for storage. The Committee appreciates the steps taken by ISPRL / Ministry as this step will help the country to meet the strategic supply needs and also strengthen the relations between the two countries and recommend to explore more such initiatives for cooperation in the hydrocarbon sector with other countries also.

The Committee observe that under Strategic Petroleum Reserves (SPR) project phase-I underground rock caverns for storage of 5.33 MMT of crude oil at three locations viz. Vishakhapatnam (1.33 MMT), Mangalore (1.50 MMT) and Pudur (2.5 MMT) have been created. For filling of crude oil in these SPR facilities, 4948 crore was approved. During BE 2017-18 Rs. 2499 crore was allocated for procurement of crude oil which was revised to Rs. 1121.28 crore at RE stage in view of the ceiling imposed by the Ministry of Finance. However, in BE 2018-19, an allocation of Rs. 700 crore has been made for this purpose giving the reference of BE ceiling. The Committee deplore such approach of the Ministry of P&NG in handling of this important project where the Ministry was not able to convince the Ministry of Finance for providing the required funds for this project. The storage facilities of 2.5 MMT at Pudur has been mechanically completed in December 2017 and funds will be required for procurement of crude to fill this cavern. The Committee, therefore, desire Ministry should convince the Ministry of Finance to allocate the desired funds for such strategically important project at RE 2018-19 stage, so that this project does not suffer due to constraint of fund required for strategic storage of oil in the caverns created in phase-I.

5. Pradhan Mantri Urja Ganga Yojana (PMUGY)

The Committee note that the Prime Minister Urja Ganga Yojana is of total length of 2655 KM with the cost of Rs. 12940 crore. 78 per cent of the work has been completed in Section 1 which is of 753 Km length and it is expected to be

completed by December 2018 and Section 2 and 3 is planned to be completed progressively from December, 2018 to December, 2020. The Committee note that there have been some issues relating to land acquisition particularly in the State of Bihar which has been taken up with the State Government and the issue is being resolved in close coordination with all parties concerned. The Committee recommend that the Ministry should ensure that the project does not suffer any delay on account of ROU issues and achieve the completion by December, 2018. The Committee also desire that the Budget grant of 2018-19 fixed at Rs. 1674 crore should be fully utilized and if needed, more funds should be made available at RE stage to complete this project.

6. National Seismic Programme

The Committee note that National Seismic Programme was launched to generate 2D Seismic Survey for initiating E&P activities in all the sedimentary basins of India. This survey work being carried out by ONGC and OIL is proposed to be completed by 2019-20. The total funds for this project is estimated to be Rs. 2932.99 crore. During the year 2016-17, a total of 5671.26 LKM 2D Seismic Survey was conducted on a cost of Rs. 266.94 crore. During 2017-18, an estimated expenditure of Rs. 1287. 26 crore will be spent. In the budget allocation Rs. 1300 crore has been allocated under BE 2018-19 and estimated cost for 2018-19 is Rs. 1272.79 crore. The re-imbursement of expenditure incurred by Oil PSUs towards this programme will be Rs. 300 crore in 2017-18 and remaining amount will be reimbursed in the consequent financial years. The Committee note that the National Seismic Programme is an important exercise in the Indian Hydrocarbon Programme and recommend that the Ministry / DGH should fully utilize the allocated funds and the reimbursement of expenditure incurred by ONGC & OIL should be done fully without undue delay and the Programme should be completed without any time and cost overruns.

7. Rajiv Gandhi Institute of Petroleum Technology (RGIPT)

The Committee observe that Rajiv Gandhi Institute of Petroleum Technology (RGIPT) is to be set up by the Government as an Institute of national

importance under an Act of Parliament. The mandate of RGIPT centre at Sibsagar, Assam is to set up a Centre to cater to requirements of blue collar technicians especially in upstream area to meet the current gap in skill set and the anticipated demand in view of future expansion plans. The Committee while appreciating the objectives of the RGIPT Centre at Assam, deplore at the inordinate delay in preparing Detailed Project Report and executing the same for setting up the institute. The Committee note that a part of the campus has already been constructed by CPWD and therefore, recommend the Ministry to execute revised DPR within a time bound schedule and also allocate required funds to complete all the works for setting up of RGIPT Centre at Sibsagar, Assam and start full academic activities on its own campus.

The Committee further note that another RGIPT centre at Bengaluru with the objective of creating an institution of excellence in the petroleum sector has been proposed and the Government of Karnataka has allotted 150 acres of land, free of cost at Kambalipura, Hoskote Taluk, Bengaluru for setting up of the Institute. The concept paper for setting of the Institute has been prepared and it is under process for being sent to Department of Expenditure for obtaining in-principle approval for setting up of this Institute. The Committee further note that the Institute will become fully functional after commencement of the construction activities, once the project is approved and funds are made available to start the construction activity. The Committee therefore, recommend that all the works connected with RGIPT, Bangalore like seeking approvals from different agencies be expedited so that the institution becomes a reality.

8. Indian Institute of Petroleum Energy/Petroleum University

The Committee observe that an Indian Institute of Petroleum Energy is to be established at Visakhapatnam in accordance with the Andhra Pradesh Reorganisation Act, 2014 with an objective to meet the quantitative and qualitative gap in the supply of skilled manpower in the petroleum sector and promote research activities. The Committee are, however, constrained to note that though the IIPE Act, 2017 has recently been passed by the Parliament and declaring IIPE as an Institution of national importance, the Ministry has not come

out with any time-bound schedule for construction and commissioning of the Institute on its own campus at Visakhapatnam. In this regard, the Committee have been informed that the institute is temporarily being run on the campus of Andhra University and its academic activities are being hand held by IIT, Kharagpur and other logistics are being handled by HPCL. The Committee have also been further informed that some aggrieved farmers have resorted to legal recourse in the allocation of some portion of their land for the institute and the issue has not been resolved till date.

The Committee while decrying at the inordinate delay in setting up of IIPE project, desire that the Ministry must accord top priority to the project on war footing level and accordingly, engage proactively with the State Government of Andhra Pradesh for finding an amicable solution with regard to the handing over of the land and also must prepare a clear road map comprising definite annual budgetary outlays and specific deadlines for the construction and commissioning of the Institute on its own campus at Visakhapatnam at the earliest for fulfilling an important commitment made by the Central Government at the time of bifurcation of Andhra Pradesh state.

9. Prices of Petrol and Diesel

The Committee note that after the dismantling of administrative price mechanism, prices of Petrol and Diesel are being revised on a daily basis by the Oil Marketing Companies (OMCs). The actual prices of last 15 days is considered before fixing the prices for the day. The advantages with this system is that the prices are averaged out. The earlier methodology of fortnightly revision was causing supply related issues with the refineries due to predictability of the price revision and distributors could order accordingly which caused loss to refineries. With this daily revision in the prices of diesel and petroleum, the losses to both to the distributor and refineries and the consumers are largely removed.

The Committee note with concern that, even though the OMCs announce daily revision of prices for petrol and diesel, the implementation of the same is not effective particularly when the Retail Outlets are not passing on the reduction

in prices to consumers whereas, the increases are passed on immediately to the them. The Committee, therefore, recommend that the Ministry/OMCs should seriously look into the issue and devise a suitable mechanism so that every price revision is passed on to consumers without delay. The Committee also desire that the Ministry/OMCs should also launch an awareness campaign about the pricing methodology being followed by the Oil Marketing Companies and educate the public regarding benefits of the system.

10. <u>Reduction in Import Dependence</u>

The Committee note that with the Prime Minister in his address during Urja Sangam 2015 had called for reduction in import dependence on crude oil by 10 percent by 2021-22. The Committee have been informed that a five pronged strategy for achieving this or towards the road map for reduction of import of crude oil dependence. An Integrated Monitoring and Advisory Council (IMAC) has been constituted under the chairmanship of Hon'ble Minister of Petroleum and Natural Gas and consisting of senior officials from other Ministry / Departments to implement the strategy. The Committee had held a meeting on 19.07.2017 and decided to expand the IMAC. The report prepared by Ministry of Petroleum and Natural Gas on road map to reduce import dependency has been circulated to the existing and potential new members of IMAC for their review/suggestions and their respective action plan of the road map. The Committee would like to point out that it is almost three years since the Prime Minister had made this call and less progress is seen on the ground. The Committee want the Ministry to take all steps to achieve this national objective and it should be viewed as an achievable target and surpass the percentage of import dependence of crude oil by the targeted date. The Committee are of the view that the Ministry has restricted this exercise within the Ministry and have not involved other concerned Ministries/Agencies in achieving this objective. The Committee would also like to point out that lack of mention of harnessing gas hydrates and of shale gas as an energy resource in the strategy are some of the imminent gaps that can be seen in the road map prepared by the Ministry. The Committee would therefore expect the Ministry to aggressively explore these

energy sources also to achieve the above objective. The Committee are of the view that more work needs to be done towards implementation and would recommend more effective and quick policy decisions on the ground towards achieving this goal.

11. Goods and Service Tax (GST)

The Committee note that GST has been rolled out in the country from 1st July, 2017. Five petroleum products namely crude oil, natural gas, petroleum, diesel and aviation turbine fuels although included under the GST Constitutional Amendment Act are presently outside this scope of levy of GST, till such time they are notified on the recommendations of GST Council. The Committee note that the Petroleum PSU companies are at a disadvantage due to the fact that all their inputs are subject to GST and most of their outputs are not subject to GST causing loss of revenues.

The Committee would like that items like natural gas and aviation turbine fuel may be considered for inclusion under GST at the earliest after assessing their impact of revenues on State Governments. The Committee would desire the Ministry of Petroleum and Natural Gas can work in close coordination with Ministry of Finance so that the states can be taken into confidence for inclusion of the petroleum products under GST.

12. Exploration and Production of Oil and Gas

The Committee note that the crude oil production has stagnated for the last several years which is a matter of serious concern. The government has taken some policy initiatives to improve the Hydrocarbon sector namely bringing out HELP, for early monetization of CBM, Discovered small fields policy, gas pricing reforms and reforms initiatives to enhance domestic production etc,. The committee note that the projections for crude oil production in the years to come show a marginal increase from 37.34MMT to 38.34MMT in 2021-22. However, in Natural gas production, it is expected to increase from 35BCM in 2017-18 to 71.92 BCM in 2021-22. This is based on the production from gas discovery by ONGC.

The Committee also note that DGH as part of production enhancement policy, one of the option is to enter Production Enhancement Contract (PEC) between oil field services companies and NOC's/Pvt. & JV companies. The Committee while welcoming the policy initiatives taken by Ministry/DGH to improve production of crude oil and natural gas within the country, would like to recommend that all the activities should be regularly monitored so that the desired output is obtained. The Committee also recommend that the Ministry/ DGH should enter Production Enhancement Contracts (PEC) with companies which have expertise in the E&P sector and can bring value to the Indian upstream PSU companies.

The Committee also note that many IOR / EOR schemes have been undertaken by ONGC and OIL for improving the production in their fields. These need to be closely monitored and the expenditure incurred on such schemes should commensurate with the increase in production. The Committee have noted that DGH has prepared a draft policy framework which was hosted online in January, 2018 for seeking comments/ feedback of E&P operators/ stakeholders is currently under examination. The Committee recommend that that Ministry/DGH should finalise and issue the IOR / EOR Policy without delay and also closely monitor the progress made in these schemes to achieve desired results.

13. City Gas Distribution (CGD) Network

The Committee note that the Prime Minister gave a call during Urja Sangam in 2015 that Piped Natural Gas consumers under the City Gas Distribution Network should be increased to one crore by another four years. During the last three years, the number of PNG domestic connections have increased from 28.69 lakh in 2014-15 to 41.17 lakh till January, 2018. The Committee are neither satisfied with the progress made so far in this direction nor with the proposed plans to achieve the targets in the next few year as still close to 60 lakh connections have to be given in the next one year to achieve the targets. The Committee would also like to point out that as the increase in PNG connections will make more LPG connections available for redistribution. Ministry may look to this aspect and plan their activity accordingly. The Committee, therefore, recommend that Ministry/PNGRB should work closely and coordinate effectively

with CGD networks in new Geographical Areas (GAs) which are to be awarded to develop City Gas Networks at a faster pace in coming years so as to achieve the targets.

14. Ethanol Blended Petrol

The Committee note that Ethanol Blended Petrol Programme is being implemented by the Ministry/OMCs. The Committee further, note that during the year 2015-16, the actual quantity procured by the OMC's was 111 crore litres achieving 3.5 per cent blending. However, during 2016-17, the total procurement was only 66.5 crore litres achieving the blending of 2.07 per cent. The lower procurement has been attributed to drought situation in sugar cane producing states like Karnataka and Maharashtra. During the year 2017-18 the tenders have been issued for 313 crore litres of Ethanol and so far 3.28 crore litre have been procured. The Committee have been informed that the OMCs are likely to procure close to 140 crore litres and so this year the procurement is likely to be higher compared to last year. The Committee has also been informed that all the issues related to EBP Programme including pricing have been resolved.

The Committee recommend that the Ministry should make all efforts to intensify the procurement of Ethanol for EBP programme and achieve increasing blending percentage which also help in diversifying energy sources. The Committee also desire that the Ministry/OMCs should seriously look at establishing Second Generation Ethanol Plants so as to diversify its sources for availability of Ethanol and also to improve the blending percentage in the country.

15. Refinery in Rajasthan

The Committee note that in order to meet the continuously rising demand of fuel products like petrol and diesel in the country, the refining industry has drawn plans for enhancing crude processing capacity. The refining capacity of the country as on date is 247.6 MMTPA and many green field refinery projects and expansion of existing refineries are also planned. The Committee note that

MOP&NG has granted its approval for setting up the Rajasthan Refinery project at Pachpadra in Barmer district of Rajasthan with the Revised Cost Estimate of Rs. 43,129 crore (at February 2017 prices). The Committee note that the works have started and it is likely to be commissioned by 2022. The Committee recommend that Ministry / PSU should monitor these expansion of existing and Greenfield refinery projects including the refinery in Rajasthan so that they are completed within the estimated time and cost.

16. <u>Mode of appointment in Directorate/offices under the Ministry of Petroleum and Natural Gas</u>

The Committee note that the Ministry has many offices under its administrative control like DGH, PPAC, OISD, OIDB, PCRA, CHT etc. Each of these agencies are performing various technical, regulatory, data collection etc. and helps with inputs for policy making by the Ministry. The Committee note that the mode of recruitment in most of these organizations particularly like DGH, OISD, PCRA, CHT and PPAC are all on deputation mode. While the Committee understand that expertise of oil industry is required for technical functions like in DGH, the Committee find that functions of OISD, PCRA and CHT are in domain areas where personnel from outside the oil companies can also be employed. The Committee are of the opinion that there is a conflict of interest when persons from oil and Gas PSUs are appointed on deputation basis to work in these organization where they have to assess, inspect, investigate etc. the very same PSUs to which they belong. The Committee view this as an highly undesirable situation with possible conflict of interest. While this practice could have been acceptable during the early days of these organizations to start them functioning, the same practice can no longer be continued with even after several years of their existence just because it suits the Ministry and the PSUs to escape from their responsibilities and shortcomings. Therefore, the Committee recommend that Ministry should thoroughly review the Recruitment rules in these organizations and Oil PSUs through an independent agency and identify the posts in agencies which are to be filled by personnel from other organizations so

that these institutions would get fresh blood and thinking and can meet up to the responsibilities and expectations placed on it.

17. <u>International Cooperation in Petroleum Sector</u>

The Committee observe that oil and gas industry as one of the core sectors of the economy, plays an important role in the country's economic development. Presently, the country is dependent on imports for about 80 percent of its crude oil requirements and around 40 percent in case of natural gas. On the one hand domestic oil and natural gas production has been declining in the country for the last few years, on the other, energy needs of the economy are growing at a faster rate. Further, prevailing geo-political instability in the Gulf region and the volatility of global oil market will have a direct impact on country's energy basket. The Committee feel that India is emerging as one of the fastest growing economies in the world and in this context, excessive dependence on imports on one particular region may not be a good sign for the country's future energy security scenario.

The Committee, therefore, feel that it has become imperative for the country to look beyond traditional oil exporting countries and scout for opportunities for oil and gas in various potential hydrocarbon regions in the world. Further, the Committee firmly believe that ever increasing domestic energy consumption requirements can be met only through diversified means of energy options. The Committee, therefore, desire that the Government must become proactive to encourage national oil companies to pursue equity oil and gas opportunities overseas through consistent oil diplomacy and sustained international cooperation and engagement in petroleum sector with foreign players at various bilateral and multilateral fora for ensuring overall energy security of the country.

18. <u>Oil Major</u>

The Committee note that among the main activities of GAIL is transportation of gas through its pipelines and also marketing of the gas for

consumers who needs natural gas. The Committee also note that in the policy issued by the government in 2006, it was envisaged that in the long run with maturity of gas markets, the authorized entities will have transportation of natural gas as their sole business activity and will not have interest in gas marketing or City Gas Distribution Network. In line with the pronounced policy, the Committee observe that GAIL cannot have both transportation of natural gas and gas marketing which is conflict of interest. The Committee have been informed that PNGRB has been asked to look into this issue and to resolve this conflict of interest of GAIL. Considering the push being given for natural gas in the energy mix and for CGD Networks, the Committee recommend that the PNGRB should study the issue thoroughly to split GAIL to resolve conflict of interest and the Ministry should then take an considered decision on the matter.

The Committee also note that the Government had announced its intention of creating of oil Major in the budget announcements of the year 2017-18. In pursuance of this, ONGC had completed its acquisition of HPCL during 2017-18. The Committee a note that some of the oil PSUs like IOCL and BPCL have shown interest in acquiring GAIL. The Committee, therefore, recommend that Ministry should encourage Oil PSU companies to take prudent and commercial decisions in all such matters.

19. <u>Bio Fuels Policy</u>

The Committee note that the Ministry of P&NG has been mandated the responsibility of to allocate 1(i) overall coordination concerning bio fuels preparing National Policy of Bio Fuels, marketing, distributions, retailing, supporting manufacturing, blending and setting up of National Bio Fuel Development Board etc. The Committee note that the Oil PSUs are establishing 12 second generation Ethanol Petrol Oil Refineries across 11 states at a cost of Rs. 10,000 crore to ensure the availability of Ethanol towards blending. The Committee also note that the government vide notification dated 29 June, 2017 has allowed direct sale of Bio Diesel for blending with high speed diesel to all consumers. At present, per liter of Ethanol has been fixed at Rs. 40.85 per liter which is roughly Rs. 10 more than the price of petrol . The cost of Ethanol from

these second generation bio refineries is likely to be more than the Ethanol from molasses. The Committee have a view that the sugar cane juice should be utilised for production of Ethanol for blending whenever there is excess production of sugarcane in the country. The Ministry has stated that it is proposing this in the new Bio Fuel Policy which is being finalised. The Committee, therefore, recommend that the Ministry should consult all stakeholders and finalise the new Bio Fuel Policy at the earliest so that the Ethanol Blending Programme and Bio Fuel Programme can be implemented successfully.

20. <u>CBM / NGHP / Shale Gas</u>

The Committee note that the Ministry/DGH has been trying to increase the production of crude oil and natural gas and many policy initiatives have been taken in the recent past particularly with regard to Coal Bed Methane (CBM). The production from CBM is likely to increase from 3.45 MMSCMD IN 2017-18 TO 6.88 MMSCMD in 2018-19 and projected to reach 9.40 MMSCMD in 2021-22. The Committee note that the CBM policy is bearing fruit and would like to await the actual production figures. The Committee would like to recommend that the Ministry / DGH should explore the possibility of CBM extraction obtaining new areas in coal mines.

The Committee note that the country has rich gas hydrates reserves. NGHP-02 has discovered gas-hydrate-bearing sand reservoir system in the offshore Krishna Godavari basin. Simulation studies for identifying potential gas hydrate reservoir are being conducted to establish the possible techniques / methodology to produce natural gas from gas hydrates. But the decision in respect of entering into the NGHP-Expedition-03, has been delayed. Similarly, very less effort has been made to ascertain the potential of Shale gas, in the country during the last two years.

The Committee, therefore, observe that almost no effort on the part of Ministry / DGH has been made to quickly harness these resources to meet the energy needs of the country. There is no mention of Gas Hydrates and shale gas in strategy to achieve reduction of import dependence by 2022. The Committee

therefore, recommend that the Ministry / DGH should focus their approach in harnessing these energy sources at the earliest and a mission mode approach needs to be adopted.

21. <u>Internal and Extra Budgetary Resources (I&EBR) of Oil PSUs</u>

The Committee note that the actual IEBR expenditure of all oil PSUs in general in E&P sector in the year 2016-17 was 72,382.82 crore. In the year 2017-18, the BE figures were Rs. 52749.13 and RE figures were Rs. 53960.97. The BE for the E&P sector for the current financial year 2018-19 has been reduced to Rs. 48064.15 crore. The Committee are concerned at such variation in figures of BE, RE and actuals in the last three years and this variation reflects poor planning on the part of oil PSUs. If sectoral allocations are analysed, it may be seen that there is substantial variation in allocations for 'Refinery and Marketing' sector and 'Petrochemicals' sector. The actual expenditure during 2016-17 in 'Refinery and Marketing' sector was Rs. 30,523.67 crore and at BE stage of 2017-18 the allocation was increased to Rs. 31796.82 crore at RE stage and the same was further increased to Rs. 35838.16 in BE 2018-19. In case of 'Petrochemicals' sector', Rs. 1445.80 crore were the actuals during 2016-17 and the same was reduced to Rs. 1431.33 in BE 2017-18 and Rs.2156.48 at RE stage and the actuals of the same was Rs. 2048.02 upto December, 2017. Further, the allocation during BE 2018-19 in Petrochemicals sector has witnessed twofold increase at Rs. 3952.14.

In case of individual IEBR of oil PSUs, some variations have been found. In respect of various E&P activities of ONGC, Rs. 29,968 crore were allocated at BE 2017-18 and it was increased to 24% i.e. Rs. 37,218 crore at the RE stage. Further, the actual expenditure of ONGC upto December, 2017 was Rs. 26,498 crore and the same has been increased to Rs. 32,077 crore at BE 2018-19. In the case of Oil India Limited Rs. 11381.89 crore was allocated at BE stage of 2016-17 and the same was increased to 49% at RE stage of the same year i.e. Rs. 17012.73 crore and the actual expenditure was Rs. 11083.24 crore. Further, at BE stage of 2017-18 it was Rs. 9252.34 crore was allocated but the actual expenditure was only Rs. 7213.78 crore. For the current financial year 2018-19 in respect of Oil India Ltd.

Rs. 4299.99 crore was allocated at BE stage. In respect of BPCL the actual expenditure incurred for various activities upto December, 2017 was Rs. 4371.58 crore as against Rs. 7100.64 crore at BE 2017-18. The same for the current financial year 2018-19 it has been increased to Rs. 7400.00 crore. In respect of EIL the allocation at BE stage of 2017-18 was Rs. 218 crore and the same was revised to Rs. 171 crore at RE stage and the actual expenditure upto December, 2017 was Rs. 82 crore only. For the current financial year 2018-19, Rs. 233 crore was allocated reflecting variations during the last two years.

The Committee are unhappy to find substantial variations in allocations and expenditure of IEBR of PSUs particularly in PSUs like GAIL and ONGC and IOC where there is substantial variation in figures of BE and RE under the Exploration & Production sector. The Committee therefore, feel that these variations reflect poor planning and lack of fiscal discipline on the part of Maharatna PSUs. The Committee would also like the Oil PSU to pursue cost efficiency measures and reduce administrative overheads in their activities as part of their overall financial management. The Committee accordingly, recommend that financial estimates of oil PSUs must be prepared with adequate care to avoid such wide variations. The Committee also desire that the activities proposed for a particular year in respect of PSUs for which funds have been allocated should normally be undertaken in the same financial year.

22. <u>Litigations by oil PSUs</u>

The Committee are dismayed to note that huge amounts of expenditure are being incurred by oil PSUs to fight different legal cases in various courts of law over disputes arising from production sharing agreements, retail outlet dealerships, LPG distributorships and transportation and marketing issues. The Committee have learnt that upstream oil companies like ONGC and Oil India Ltd. have spent Rs. 31.71 crore and Rs. 8.98 crore respectively during the last four years. Further, oil marketing companies like IOCL and BPCL have incurred expenses to the tune of Rs. 27.2 crore and Rs. 16.07 crore respectively during the last four years. Gas Authority of India Ltd. has incurred an amount of Rs. 20.92 crore during the last three years in respect various legal disputes.

In view of the above, the Committee feel that it may not be financially prudent on the part of oil PSUs to incur such huge costs on litigations in courts. Instead, the Committee desire that oil PSUs may better take recourse to mutually agreed arbitration or out of the court settlement process for amicable solutions. The Committee, therefore, recommend the Government to create an internal mechanism to settle various pending disputes through out of the court settlement/arbitration process for saving huge amounts of public expenditure.

New Delhi;
***9 March*, 2018**
18 Phalguna, 1939 (Saka)

ARVIND SAWANT,
Acting Chairperson,
Standing Committee on
Petroleum & Natural Gas.

Annexure-I

Mandate of the Ministry of Petroleum and Natural Gas under Allocation of Business Rules as amended by Cabinet Secretariat order dated 20-08-2017 is given below: (PLOP, Q.1, P.1)

1. Exploration for, and exploitation of petroleum resources, including natural gas and Coal Bed Methane, gas hydrates and shale gas.
2. Production, supply, distribution, marketing and pricing of petroleum, including natural gas, Coal Bed Methane and petroleum products.
3. Oil refineries, including Lube Plants.
4. Additives for petroleum and petroleum products.
   (i) Overall coordination concerning bio-fuels;
   (ii) National Policy on Bio-fuels;
   (iii) Marketing, distribution and retailing of bio-fuels and its blended products;
   (iv) Policy/Scheme for supporting manufacturing of bio-fuels;
   (v) Blending and blending prescriptions for bio-fuels including laying down the standards for such blending;
   (vi) Setting up of a National Bio-fuel Development Board and strengthening the existing institutional mechanism; and
   (vii) Research, development and demonstration on transport, stationary and other applications of bio-fuels.
5. Blending and blending prescriptions for bio-fuels including laying down the standards for such blending.
6. Marketing, distribution and retailing of bio-fuels and its blended products.
7. Overall coordination concerning bio-fuels, National Policy on Bio-fuels, policy/scheme for supporting manufacturing of bio-fuels, setting up of a National Bio-fuel Development Board and strengthening the existing institutional mechanism and research, development and demonstration on transport, stationary and other applications of bio-fuels.
8. Lube Blending and greases.
9. Conservation of Petroleum products.
10. Planning, development, control and assistance to all industries dealt with by the Ministry.
11. Strengthening energy security by acquiring oil and gas equity abroad and participation in transnational oil and gas pipeline projects.
12. Creation and administration of strategic petroleum reserve through Indian Strategic Petroleum Reserves Limited (ISPRL).
13. Petroleum Planning and Analysis Cell (PPAC).
14. All attached or subordinate offices or other organization concerned with any of the subjects specified in the list, including Directorate General of Hydrocarbons (DGH), Centre for High Technology (CHT), Oil Industry Development Board (OIDB), Petroleum Conservation Research Association (PCRA), etc.

15. Planning, development and regulation of oilfield services.
16. Administration of Engineers India Limited, including their subsidiaries and joint ventures.
17. Public sector project falling under the subject included in this list except such projects which are specifically allotted to any other Ministry / Department.
18. The Oil Fields (Regulation and Development) Act, 1948 (53 of 1948).
19. The Oil and Natural Gas Commission (Transfer of undertaking and Repeal) Act, 1993 (65 of 1993).
20. The Petroleum Pipelines (Acquisition of right of User in Land) Act, 1962 (50 of 1962).
21. The ESSSO (Acquisition of Undertaking in India) Act, 1974 (4 of 1974).
22. The Oil Industry (Development) Act, 1974 (47 of 1974).
23. The Burmah – Shell (Acquisition of Undertaking in India) Act, 1976 (2 of 1976).
24. The Caltex (Acquisition of Shares of Caltex Oil Refining (India) Limited and of the Undertaking in India of Caltex (India) Limited Act, 1977.
25. Administration of the Petroleum Act, 1934 (30 of 1934) and the rules made thereunder.
26. Administration of Balmer Lawrie Investment Limited and Balmer Lawrie and Company Limited.
27. Petroleum & Natural Gas Regulatory Act, 2006.
28. Matter pertaining to M/s Biecco Lawrie Limited.
29. Matters pertaining to Gas Authority of India Limited (GAIL).
30. Matter pertaining to natural gas pipelines.
31. Matter pertaining to LNG terminals.
32. The Rajiv Gandhi Institute of Petroleum Technology (RGIPT) Act, 2007
33. Matter pertaining to Indian Institute of Petroleum & Energy (IIPE), Act 2017 (3 of 2018)
34. Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000.
35. Matter pertaining to Direct Benefit Transfer of LPG (DBTL) PAHAL.
36. Matter pertaining to Direct Benefit Transfer in Kerosene (DBTK).
37. Matter pertaining to Pradhan Mantri Ujjwala Yojana (PMUY).

The objectives of the Ministry of Petroleum and Natural Gas:

1. Policy framework for growth of E&P sector
2. Increase in exploration Activities
3. Increasing Capital Investment in Oil & Gas Sector
4. Enhancing domestic reserves & Production
5. Overseas crude oil and natural gas production
6. Improvement of Refinery performance
7. Increasing Refinery capacity

8. Ensuring availability of petroleum products across the nation with respect to marketing and distribution
9. To encourage use of Natural Gas
10. To promote fuel conservation
11. To encourage development & use concerning bio-fuels & required policies / schemes for its support.
12. Promoting cleaner and environment friendly fuels
13. Promotion of renewable and unconventional hydrocarbon resources to become carbon neutral for Oil Sector Companies
14. Research & Development for bringing in higher productivity in specific areas of Oil and Gas exploration, storage, transportation by the Oil Sector Companies.
15. Joint responsibility for power and fertilizer sector
16. Facilitating PSUs.

Annexure-II

The details of PSUs, Organisations and Boards that are functioning under the administrative control of the Ministry: (PLOP, Q.3, P.9)

"The following PSUs/Organizations/Boards are functioning under the administrative control of the Ministry

Maharatna PSUs

1. Indian Oil Corporation Limited (IndianOil)
2. Oil and Natural Gas Corporation Limited (ONGC)
3. GAIL (India) Limited
4. Bharat Petroleum Corporation Limited (BPCL)

Navratna PSUs

1. Hindustan Petroleum Corporation Limited (HPCL)
2. Oil India Limited (OIL)
3. Engineers India Limited (EIL)

Miniratna Category-I CPSEs

1. Balmer Lawrie & Company Limited
2. Chennai Petroleum Corporation Limited (CPCL) (A group company of Indian Oil)
3. Mangalore Refinery & Petrochemicals Limited (MRPL)
4. Numaligarh Refinery Limited (NRL)
5. ONGC Videsh Limited (OVL)

Other CPSEs

1. Biecco Lawrie Limited
2. Balmer Lawrie Investments Limited

Other Organizations/Boards

1. Oil Industry Development Board (OIDB)
2. Oil Industry Safety Directorate (OISD)
3. Directorate General of Hydrocarbon (DGH)
4. Centre for High Technology (CHT)
5. Rajiv Gandhi Institute of Petroleum Technology (RGIPT)
6. Petroleum Planning & Analysis Cell (PPAC)
7. Petroleum Conservation Research Association (PCRA)
8. Petroleum and Natural Gas Regulatory Board (PNGRB)
9. Indian Strategic Petroleum Reserve Limited (ISPRL)
10. Indian Institute of Petroleum and Energy (IIPE), Andhra Pradesh
11. Society for Petroleum Laboratory (SFPL)

Appendix-I

MINUTES

STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS

(2017-18)

TENTH SITTING

(21.02.2018)

The Committee sat on Wednesday, the 21 February, 2018 from 1100 hrs. to 1400 hrs. in Room No. 'G-074', PLB, New Delhi.

PRESENT

Sh. Pralhad Joshi - Chairperson

MEMBERS

LOK SABHA

2. Shri Rajendra Agrawal
3. Dr. Ravindra Babu Pandula
4. Smt. Rama Devi
5. Shri Elumalai V.
6. Shri Naranbhai Kachhadiya
7. Dr. Thokchom Meinya
8. Smt. Pratima Mondal
9. Smt. Jayshreeben Patel
10. Shri Arvind Sawant
11. Shri Raju Shetti
12. Shri Rajesh Verma
13. Shri Om Prakash Yadav
14. Shri Laxmi Narayan Yadav
15. Shri Santosh Kumar

RAJYA SABHA

16. Shri Om Prakash Mathur
17. Shri Narayan Lal Panchariya
18. Ch. Sukhram Singh Yadav

SECRETARIAT

1.	Shri A.K.Singh	-	Additional Secretary
2.	Dr. Ram Raj Rai	-	Director
3.	Shri H. Ram Prakash	-	Additional Director
4.	Shri Vinay Pradeep Barwa	-	Deputy Secretary

Representatives of the Ministry of Petroleum & Natural Gas

1.	Shri K.D. Tripathi	-	Secretary
2.	Ms. Menakshi Gupta	-	AS&FA
3.	Ms. Urvashi Sadhwani	-	Sr. Advisor
4.	Shri Sandeep Poundrik	-	JS (R)
5.	Shri Amar Nath	-	JS (E)
6.	Shri Ashutosh Jindal	-	JS (M)
7.	Shri Sunjay Sudhir	-	JS (IC)
8.	Shri Ashish Chatterjee	-	JS (GP)
9.	Ms. Perin Devi	-	Director (IFD)

Representatives of Public Sector Undertakings

1.	Shri Shashi Shankar	-	CMD, ONGC
2.	Shri Sanjiv Singh	-	Chairman, IOCL
3.	Shri M.K. Surana	-	CMD, HPCL
4.	Shri B.C. Tripathi	-	CMD, GAIL
5.	Shri Utpal Bora	-	CMD, OIL
6.	Shri J.C. Nakra	-	CMD, EIL
7.	Shri Ramesh	-	Director (Marketing) BPCL
8.	Shri N.K. Verma	-	MD, OVL
9.	Shri H. Kumar	-	MD, MRPL

Representatives of other Organisations

1.	Shri Atanu Chakraborty	-	DG, DGH
2.	Shri D. K. Sarraf	-	Chairperson, PNGRB
3.	Shri V. Janardana Rao	-	ED, OISD

2. At the outset, Hon"ble Chairman welcomed the Members and officials of the Ministry of Petroleum and Natural Gas/PSUs to the sitting of the Committee. Thereafter, a representative of the Ministry through a power point presentation briefed the Committee on the subject "Demands for Grants (2018-19)".

3. Thereafter, Members of the Committee deliberated on various issues related to the subject such as Internal and Extra Budgetary Resources (IEBR) of oil PSUs, cash incentives to states under kerosene distribution reforms, steps taken to achieve ten percent reduction on import dependency, details related to India's agreement with UAE on storage of crude oil in one of the caverns of Mangalore, bifurcation of GAIL, imposition of ceiling by the Ministry of Finance on budgetary provisions, subsidy borne by PSUs for PMUY scheme and subsequent reimbursement from the Ministry etc.

4. Further, issues like inclusion of eligible beneficiaries who were not in the SECC list of 2011 under PMUY scheme, implementation of gas pipeline projects, progress related to IIPE at Visakhapatnam, status of Greenfield Petroleum Refinery in Rajasthan and Petrochemical complex at Kakinada, litigations involving oil PSUs in various Courts of Law, mode of recruitment in various institutions and organisations under the administrative control of the Ministry of P&NG, daily pricing of petrol and diesel and ethanol blending programme in the country also came up for discussion.

5. A verbatim record of the proceedings of the sitting has been kept.

The Committee then adjourned.

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Appendix-II

MINUTES

STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS

(2017-18)

ELEVENTH SITTING

(08.03.2018)

The Committee sat on Thursday, the 8 March, 2018 from 1015 hrs. to 1100 hrs. in Committee Room No. '139', PHA, New Delhi.

PRESENT

Sh. Arvind Sawant - Acting Chairperson

MEMBERS

LOK SABHA

2. Dr. P.K. Biju
3. Shri Elumalai V.
4. Shri Naranbhai Kachhadiya
5. Dr. Thokchom Meinya
6. Smt. Jayshreeben Patel
7. Smt. Pratima Mondal
8. Shri A.T. Nana Patil
9. Shri Om Prakash Yadav
10. Shri Rajendra Agrawal

RAJYA SABHA

11. Shri Bhubaneshwar Kalita
12. Shri Om Prakash Mathur
13. Shri Bhaskar Rao Nekkanti
14. Shri Narayan Lal Panchariya

SECRETARIAT

1.	Shri A.K.Singh	-	Additional Secretary
2.	Dr. Ram Raj Rai	-	Director
3.	Shri H. Ram Prakash	-	Additional Director
4.	Shri Vinay Pradeep Barwa	-	Deputy Secretary

2. In the absence of the Hon'ble Chairperson, the Committee chose Shri Arvind Sawant to chair the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. Then, Hon'ble Chairperson welcomed the Members to the sitting of the Committee. The Committee then took up for consideration of the draft Report on the subject 'Demands for Grants (2018-19)' of the Ministry of Petroleum and Natural Gas. The Members suggested some modifications and authorised the person in chair to finalise and present/lay the Reports in both the Houses of Parliament.

The Committee then adjourned.

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