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

(SIXTEENTH LOK SABHA)

MINISTRY OF PETROLEUM & NATURAL GAS

[Action Taken by the Government on the recommendations contained in the Eighteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2016-17) on Demands for Grants (2017-18)]

TWENTY FIRST REPORT

LOK SABHA SECRETARIAT
NEW DELHI

January, 2018/ Pausha, 1939 (Saka)

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Presented to Lok Sabha on 03.01.2018

Laid in Rajya Sabha on 03.01.2018

LOK SABHA SECRETARIAT
NEW DELHI

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Sl. No.	Names of Members
	LOK SABHA
	Shri Pralhad Joshi - Chairperson
2	Shri Rajendra Agrawal
3	Dr. Ravindra Babu Pandula
4	Dr. P. K. Biju
5	Shri Kalikesh N. Singh Deo
6	Smt. Rama Devi
7	Shri V. Elumalai
8	Shri Naranbhai Bhikhabhai Kachhadiya
9	Dr. Thokchom Meinya
10	Smt. Pratima Mondal
11	Shri Ashok Mahadeorao Nete
12	Smt. Jayshreeben Patel
13	Shri A.T. Nana Patil
14	Shri Arvind Sawant
15	Shri Raju Shetti
16	Dr. Bhola Singh (Begusarai)
17	Shri Ravneet Singh
18	Shri Rajesh Verma
19	Shri Om Prakash Yadav
20	Shri Laxmi Narayan Yadav
21	Shri Santosh Kumar
	RAJYA SABHA
22	Shri Bhubaneshwar Kalita
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
29	Shri V. Vijayasai Reddy
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 Sujay Kumar	Under Secretary

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INTRODUCTION

I, the Chairperson, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee to submit the Report on their behalf present this Twenty First Report on Action Taken by the Government on the recommendations contained in the Eighteenth Report (Sixteenth Lok Sabha) of the Committee on the subject 'Demands for Grants (2017-18)' of the Ministry of Petroleum & Natural Gas.

2. The Eighteenth Report of the Standing Committee on Petroleum and Natural Gas was presented to Lok Sabha on 17.03.2017. The Action Taken Replies of the Government to all the recommendations contained in the Eighteenth Report were received on 26.07.2017

3. The Standing Committee on Petroleum and Natural Gas (2017-18) considered and adopted the Report at their sitting held on 27.12.2017.

4. An analysis of the action taken by the Government on the recommendations contained in the Eighteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas is given in Annexure-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

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

New Delhi;
***28 December*, 2017**
7 *Pausha*, 1939 (Saka)

PRALHAD JOSHI,
Chairperson,
Standing Committee on
Petroleum & Natural Gas.

REPORT

CHAPTER I

This Report of the Standing Committee on Petroleum and Natural Gas deals with the action taken by the Government on the Recommendations contained in the Eighteenth Report (Sixteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2016-17) on 'Demands for Grants (2017-18) of the Ministry of Petroleum and Natural Gas'', which was presented to Lok Sabha and laid in Rajya Sabha on 17.03.2017.

2. Action Taken Notes have been received from the Ministry on 25.07.2017 in respect of all the 25 Recommendations/Observations contained in the Report. These have been categorized as per the following:-

(i) Recommendations/Observations that have been accepted by the Government:- Reco. Nos. 1, 2, 3, 4, 6, 8, 9, 11, 12, 13, 14, 15, 16, 17, 21, 22, 23 and 24 (Total 18)

(Chapter- II)

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government‟s replies:- Reco. No. 7 and 25 (Total 2)

(Chapter- III)

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- Reco. Nos. 5, 18 and 19 (Total 3)

(Chapter- IV)

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:- Reco. No. 10 and 20 (Total 2)

(Chapter- V)

3. The Committee desire that the Action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report and Final Replies in respect of the recommendations for which interim replies have been furnished by the Government (included in Chapter-V), should be furnished expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

Recommendation No. 4

Indian Institute of Petroleum and Energy

5. The Committee had recommended as under:-

"The Committee note that an Indian Institute of Petroleum and Energy (IIPE) is to be established in Visakhapatnam, Andhra Pradesh in accordance with the Andhra Pradesh Reorganisation Act, 2014. The objective of the University is to meet the quantitative and qualitative gap in the supply of skilled manpower in the petroleum sector and promote research activities. Total capital expenditure for the project is estimated at Rs. 655.46 crore. A provision of Rs. 14.20 crore has been made for IIPE in BE 2017-18. Andhra Pradesh Government has made available 200 acres of land free of cost for the IIPE and foundation stone for the project has been laid on 20th October 2016. The Committee further note that the IIPE is currently operating from a temporary campus at the space provided by the College of Engineering in Andhra University at Visakhapatnam from the year 2016-17. IIT-Kharagpur is acting as a Mentor Institution for starting the academic session 2016-17. The Committee are not satisfied with the progress made so far in setting up the Institute. The Committee note that since the institute is of national importance, it involves Legislation seeking Parliament approval so that the institute can give degrees. The Committee recommend that work relating to enactment of Legislation should be expedited and desire that the Institute should start functioning from its own campus at the earliest and adequate funds should be allocated for the purpose of building of own campus of IIPE. The Committee desire that the revised cost outlay and time line for completion of the project should be shared with the Committee".

6. In this regard, the Ministry has submitted following reply:-

"The Note for the Cabinet along with the the draft Bill for establishment of Indian Institute of Petroleum and Energy (IIPE) at Visakhapatnam was sent to the Cabinet Secretariat for consideration before the Cabinet. The Union Cabinet in its meeting held on 12.4.2017 has given its approval for setting up of IIPE at Visakhapatnam in Andhra Pradesh. An amount of Rs.32.00 crore had been allocated to IIPE during the year 2016-17 which was released to them. Further, an amount of Rs.145.20 crore has been allocated for the year 2017-18 which will be released. Ministry of Finance will be requested for allocation of funds from time to time as per schedule. IIPE Bill has been introduced in the Parliament in the Monsoon Session".

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7. While observing the slow progress in establishment of Indian Institute of Petroleum and Energy (IIPE) at Vishakhapatnam, the Committee had desired that the work on the allotted land by the Andhra Pradesh Government

should be expedited so that the Institute could start functioning from its own campus at the earliest. The Committee had further recommended that adequate funds should be allocated for that purpose and the revised cost outlay and timeline for completion of the IIPE project should be shared with the Committee. The Committee had also recommended that the work relating to enactment of Legislation declaring the IIPE as an Institution of National Importance should also be expedited.

The Committee are happy to note that the Indian Institute of Petroleum and Energy(IIPE) Bill, 2017 providing for establishment of such an Institute at Vishakhapatnam was introduced by the Ministry on priority and has also been passed by the Parliament. In their action taken reply, the Ministry has stated that an amount of Rs. 32.00 crore was allocated to IIPE in 2016-17 and Rs. 145.20 crore has been allocated in 2017-18 and also that Ministry of Finance will be requested for further allocation of funds from time to time as per schedule. However, the Committee are constrained to note that the reply of the Ministry does not mention about the revised cost outlay and time line fixed for completion of the IIPE project. Also, there is no mention as to from which date, the IIPE will start functioning from its own campus. The Committee, therefore, desire that a time-bound schedule for setting up of the Institute within the revised cost outlay should be prepared and the Ministry should adhere to the same so that IIPE can start functioning from its own campus at the earliest.

Recommendation No. 5

Rajiv Gandhi Institute of Petroleum Technology (RGIPT) and Centres of Excellence

8. The Committee had recommended as under:-

"The Committee note that the construction of permanent campus of RGIPT at Jais, district Amethi, Uttar Pradesh is almost complete and has already been inaugurated in October, 2016. The Institute has started functioning from the new premises. The Committee also, however, note that progress of the RGIPT campus in Sibsagar, Assam is highly unsatisfactory. Ever since the foundation stone was laid in February, 2011, the project has got delayed due to a number of reasons including change of contractors, land preparation for construction, etc. The Assam centre of RGIPT is expected to operate from its temporary campus from the academic session 2017-18. A four member committee has now been constituted by MoPNG to submit the report on funding pattern for the institution, whether to be given from Oil PSU‟s/OIDB or GBS and also to examine if the grant of autonomous status is required for the Institute.

The Committee also note that in 2017-18, the Government has announced the establishment of two Centres of excellence in Petroleum Sector in Karnataka and Assam. The mandate of Karnataka Centre is to create an Energy Institute on the lines of World‟s leading energy institutes for undertaking contemporary research duly involving other Ministries and key stakeholders. The estimated expenditure under capital head for Bengaluru centre is Rs 358 cr. The mandate of RGIPT Centre at 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 exploration plans. The Assam Centre will be established at an estimated expenditure of Rs. 235 crore. RGIPT has been asked to prepare a fresh DPR in light of the mandate for Assam centre.

The Committee recommend that the remaining work in Jais, Uttar Pradesh be completed as soon as possible and the all the issues connected to RGIPT in Assam be resolved in a time bound manner including the funding pattern andgrant of autonomous status to the Institute. The Committee further recommend that the DPRs for Centres of Excellence in Assam and Karnataka should be prepared and submitted within three months so that the centres may be established at the earliest".

9. In this regard, the Ministry has submitted following reply:-

"In so far as Jais campus is concerned, an amount of Rs.100.00 crore (including Rs.47.00 crore at the BE stage 2016-17) has been released to RGIPT during the financial year 2016-17. The remaining funds of Rs.135.10 crore has been allocated under BE 2017-18. The remaining construction as well pending payment to contractor will be done once the funds are made available.

As far as Assam Centre of RGIPT at Sivasagar is concerned, fresh DPR is being prepared to expand the scope of functioning of the Centre which is to offer skill-oriented courses in addition to diploma / degree courses to the students as mandated in earlier DPR. A four-member committee has been constituted to look into funding pattern for setting up of Assam Centre whether to be set up with funding from GBS or with funds from Oil Companies / OIDB. The report of the committee is awaited. It is proposed to start the academic session 2017-18 from the temporary campus available at Sivasagar College of Commerce.

As far as Bangalore Centre is concerned, there was a proposal for setting up of Fire Safety Engineering and Research Centre of RGIPT at Bangalore. For this institute, Government of Karnataka has provided 150 acres of land free of cost at Kambalipura Industrial Area, Hoskote Taluk, Bangalore Rural District, Karnataka. The land is yet to be handed over to RGIPT. The foundation stone for Bangalore Centre of RGIPT was laid by the Former Petroleum Minister on 5.3.2014. In a meeting held on 27.10.2016, it has been decided that this institute will be established as Energy Institute – Centre of Excellence on the line of World Energy Institutes for undertaking contemporary research duly involving other Ministries and private sector companies. A four member committee has been constituted for preparation of a Roadmap covering the vision, objectives, processes, space requirement etc. with the structure for the institute, funding pattern and budget requirement for setting up of the Institute".

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10. The Committee had recommended that all remaining work in the Rajiv Gandhi Institute of Petroleum Technology (RGIPT) Campus in Jais, Rae Bareli (U.P.) be completed at the earliest and the Campus should be fully functional. The Committee, however, observe that the funds for construction of Jais Campus of RGIPT has been allocated but the construction work is still awaiting completion and payment of contractor is also pending. The Committee, therefore, desire that the funds may be released timely and the remaining construction work be completed at the earliest.

Similarly, the Committee do not find any progress in the direction of setting up of Assam Campus of RGIPT. The Committee, therefore, would like to reiterate their recommendation that for resolving the issues like scope of functioning of the Centre and the funding pattern at the earliest. The Ministry should take a decision about the funding pattern for the Centre on the priority basis and ensure the allotment of fund accordingly. Moreover, the preparation of DPR may be completed within the prescribed time limit and work on the ground should start at the earliest. The revised cost outlay and time line for the Assam Campus of RGIPT may be shared with the Committee.

As regards the proposed setting up of Centre of Excellence, Bengaluru, the Ministry has stated that the Centre shall be set up as an Energy Institute-Centre of Excellence on the line of world energy institutes for undertaking contemporary research duly involving other ministries and private sector companies. The land for the Centre has been identified by the Karnataka Government but yet to be handed over to the RGIPT. The Ministry

have further stated that a four-member Committee has been constituted for preparation of Roadmap for the Centre of Excellence.

The Committee are not satisfied with such lack of clarity on the part of the Ministry about the exact contours of the proposed Centre of Excellence in Bengaluru. The Committee, therefore, desire that the roadmap covering structure for the Institute, funding pattern and budget requirement for setting up of the Institute should be finalized within a fixed time-frame to fulfil an important announcement made in the Budget 2017-18.

Recommendation No. 10

Merger of Oil PSUs & formation of an 'Oil Major'

11. The Committee had recommended as under:-

"The Committee note that the Government has announced in the budget that it is considering to strengthen the Central Public Sector Enterprises (CPSE) through consolidations, mergers and acquisitions which will give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for stakeholders. The objective of the Government is to create an „Oil Major" in petroleum sector which will be able to match the performance of international and domestic private sector oil and gas companies. The integration is expected to result in several benefits to the companies to withstand the volatility in the international prices of crude oil and natural gas, strengthen balance sheets, synergies across value chains, sharing of skills, research and development, infrastructure, increase in overall capacity and an edge during bidding for E&P assets. The entire process of integration may result in reshaping of the existing petroleum architecture in the country which is currently designed on the basis of upstream and downstream operations.

Though the exact contours of the „integration" process is yet to become clear, the Committee opine that creation of an „Oil Major" could have an beneficial impact on the domestic petroleum sector scenario and immensely improve the competitiveness of the Oil PSU"s on global stage. The Committee, however, feel that the Government needs to proceed with caution as there are several challenges such as integration of human resources, creating synergies in companies having diverse operations, etc., which needs to be overcome for successful implementation of such an endeavour. The Committee, therefore, would suggest that Government should come out with a clear roadmap and framework with objective parameters at an early date for creation of such an „Oil Major" in order to remove ambiguity and apprehensions and the Ministry/PSU"s should also consult employees of the companies to allay their fears about mergers and consolidation exercise. The Committee further recommend that abundant caution should be exercised in order to ensure that the integration exercise is not done in undue haste but handled without any disadvantage for the existing human resources of the PSUs and make it a win-win situation".

12. In this regard, the Ministry has submitted following reply:-

"Finance Minister in the Union Budget Speech of 2017-18 on February 1, 2017, inter alia, stated that "We see opportunities to strengthen our CPSEs through consolidation, mergers and acquisitions. By these methods, the CPSEs can be integrated across the value chain of an industry. It will give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders. Possibilities of such restructuring are visible in the Oil and Gas sector. We propose to create an integrated public sector „Oil Major" which will be able to match the performance of international and domestic private sector oil and gas companies".

The Ministry is examining the feasibilities and modalities of "Synergy in the Functioning of Oil and Gas PSUs". ONGC had forwarded a proposal to acquire HPCL. In-principle approval for this proposal has been given by CCEA".

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13. Referring to the announcement of Finance Minister in the Budget Speech about creation of an Integrated Public Sector Oil Major, the Committee, in their recommendation had suggested that in order to remove ambiguity and apprehensions, in this regard, the Government should come out with a clear roadmap and framework with objective parameters at the earliest for creation of an 'Oil Major'. They had further desired that the Government/PSUs should also consult employees of the companies to allay their fears about mergers and consolidation exercise. The Committee had further recommended that abundant caution should be exercised in order to ensure that the integrated exercise is not done in undue haste but handled without any disadvantage to the existing human resources of the PSUs. The Ministry, in its reply, has stated that it is examining the feasibilities and modalities of "Synergy in the Functioning of Oil and Gas PSUs". As the exact feasibilities and modalities of the acquisition process is yet to be submitted by the Ministry, the Committee desire that the same may be expeditiously furnished once those are finalised. The Ministry, in the same context, has informed that the Cabinet Committee on Economic Affairs (CCEA) has

approved the proposal of acquisition of HPCL by the ONGC. The Committee reiterate their recommendation that the interests of the workers of both the ONGC and HPCL should be protected in this acquisition process.

Recommendation No. 15

Exploration and Production of Crude Oil and Natural Gas

14. The Committee had recommended as under:-

"The Committee note that in last three years the total crude oil production in India was 36.95 MMT in 2015-16, 37.46 MMT in 2014-15 and 37.78 MMT in 2013-14 respectively. In 2016-17 (upto December 2016), the production was 27.04 MMT. Similarly, the production of natural gas in last three years has been 97 MMSCMD in 2013-14, 92.2 MMSCMD in 2014-15 and 88.1 MMSCMD in 2015-16 while in 2016-17 (upto December 2016), the production of natural gas was 86.9 MMSCMD. It can be seen that crude oil production show either stagnant and slightly declining trend and the scenario is same for natural gas also. Crude oil production is declining because major production fields of the country, namely, Mumbai High, Gujarat and NE region have aged and production in those fields are declining after having peaked. The sharp fall in natural gas production is being attributed to decline in production coming from KG deep-water block operated by RIL, natural decline in old gas fields, accidents in Andhra Pradesh gas fields (Tatipaka) and bandhs/blockades in NE region. Even the projected production figures of crude oil show that the production in near future is going to decline. The Committee understand that the DGH foresees increase in hydrocarbon production mostly from the natural gas as development plans of regular and small fields have been finalised. Some production may also come from CBM gas. The Committee are of the view that a large part of the Country is still unexplored and adequate efforts should be made for exploration of all parts of the country and the way to increase the domestic production of crude oil and natural gas is to allocate sufficient funds for the purpose and ensuring that the funds are fruitfully spent. Similarly, the IOR/EOR technologies in order to get more production from the existing and ageing fields should also be a priority. In the year 2015-16, about 1.32 MMT of oil production was achieved through IOR/EOR technologies alone. The Committee recommend that the field development plans in respect of eastern-offshore fields should be closely monitored for production. The Committee recommend that state-of-the-art IOR/EOR technologies should be implemented in the oil fields from where production is stagnating or declining by making adequate allocation in the IEBR of the respective PSUs".

15. In this regard, the Ministry has submitted following reply:-

"Close Monitoring of Field development plans of Eastern-offshore fields

The management Committee and Directorate General of Hydrocarbon are closely monitoring the progress of Field development plans. In addition, performance of Oil PSUs is being monitored on monthly basis by the Secretary(P&NG).

Financing of oil & gas Projects

The funding of oil & gas projects by Oil PSUs is being done though their own resources or borrowings. Government is not funding to Oil PSUs for the exploration and development projects".

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16. While observing the stagnant or declining trend of Crude Oil and Natural Gas production in the major production fields, the Committee had recommended that the field development plans in respect of eastern-offshore fields which is a key region for oil and gas, should be closely monitored for production. The Committee had also recommended that state-of-the-art IOR/EOR technologies should be implemented in the oil fields from where production is stagnating or declining by making adequate financial allocations in the IEBR of the respective PSUs. In its reply, the Ministry has simply stated that the Management Committee and Directorate General of Hydrocarbon are closely monitoring the progress of Field development plans and the performance of Oil PSUs is being monitored on monthly basis by the Secretary, MoP&NG. They have also stated that the funding of oil & gas exploration and developments projects by Oil PSUs is being done through their own resources.

The Committee are aware that the progress of field development plans are being monitored both in the DGH and also in the Ministry and the funding of Oil and Gas Exploration and development projects are being done by PSUs through their own resources. But, Committee had found that no positive results had been coming out of all these efforts. Therefore, MoP&NG was asked to do more close and focused monitoring to ensure that exploration and production of crude oil is sustained and increased through sufficient IEBR allocation and spending by Oil PSUs in exploration and production sector so that the Oil and Gas production from aged oil fields is improved as

well as the development of eastern offshore fields is expedited. The Committee would like to underline that the increase in domestic crude oil and gas production is a *sine qua non* for meeting the Government's objective of reducing crude oil imports by 10% by the year 2022. Similarly, better IOR/EOR techniques are important in the aged oil fields to improve oil and gas production. The Committee, therefore, would urge upon the Ministry to maintain a close vigil on the E&P Programmes of Oil PSUs in order to ensure that crude oil production is sustained and increased and the Government's objective of reducing crude oil imports is achieved.

Recommendation No. 18

Ethanol Blended Petrol

17. The Committee had recommended as under

"The Committee note that Ethanol Blended Programme was launched in the year 2003 with an objective of blending ethanol with petrol. Currently the programme is being implemented in 21 States and 4 UTs with a target of achieving 5% blending and progressively increasing to 10% blending. As per projections, the requirement for ethanol to achieve 10% blending is 280 crore litres. The Committee note that in the year 2015-16 (from 1 December 2015 to 30th November 2016), a total of 111 crore litre ethanol was procured by the OMCs which is about 40% of the requisite quantity and will be sufficient for blending of only 3.5%. The blending percentage needs to be increased to fulfill the Government‟s target and also as a component of import reduction. The low procurement has been attributed to lower cane production due to drought in Maharashtra and Karnataka and also due to demands from potable and chemicals sector. As the domestic sourcing of ethanol is continuously failing to achieve the target, there is a need to look at other alternatives. The Committee note that since 10.12.2014, Government has allowed procurement of ethanol produced from other non-food feedstocks besides molasses like cellulosic and lingo-cellulosic materials including from petrochemicals route. The Committee further note that twelve 2G ethanol bio-refineries in 11 States are being established. The Committee appreciate that such steps are required in view of consistent under-supply of domestic ethanol from traditional sources. To achieve the target of 5% blending during the year 2017-18 itself and 10% blending by 2020, permission for imports of ethanol, if possible, may also be given. The Committee recommend that the proposed 2G ethanol bio-refineries should be completed by the OMCs on priority basis without any time and cost overrun".

18. In this regard, the Ministry has submitted following reply:-

"As regards import of ethanol for EBP Programme, the Government on 3.7.2013 inter-alia decided that ethanol be procured only from domestic sources.

As regards 2G ethanol bio-refineries, on 07.12.2016 Oil PSUs have entered into Memorandum of Understanding (MoUs) with State Governments and Technology Providers for 2G ethanol bio-refineries. Foundation Stone of one bio-refinery has been laid by Hindustan Petroleum Corporation Limited on 25.12.2016 at Bathinda, Punjab".

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19. The Committee, in their recommendation, had said that the proposed 2G ethanol bio-refineries should be completed by the OMC's on priority basis without any time and cost overrun with a view to achieve the target of 5% blending in the year 2017-18 itself and 10% blending by the year 2020. The Ministry, in its reply, has stated that Oil PSUs have entered into MoUs with State Governments and Technology Providers for 2G ethanol bio-refineries and foundation stone for one bio-refinery in Bathinda, Punjab has already been laid.

The Committee feel that ethanol blending in petrol is an effective way of increasing domestic petrol availability and for that all round efforts need to be made to increase the production of ethanol. The Committee are disappointed to note that out of twelve 2G ethanol bio-refineries in 11 States which the oil PSUs were establishing, the foundation stone of only one 2G refinery has been laid and there is no information about the status of other eleven 2G ethanol bio-refineries and also about their funding. The Committee, therefore, reiterate that all the proposed 2G ethanol bio-refineries should be established without any delay. The Committee further desire that the cost outlay and timeline for completion of the 12 2G ethanol bio-refineries should be shared with them.

Recommendation No. 19

Development of Bio-fuels

20. The Committee had recommended as under:-

"The Committee note that with a view to encourage production of other bio-fuels such as bio-diesel in the Country, Bio-diesel Purchase Policy has been announced which provides guidelines for OMCs to procure bio-diesel for blending with High Speed Diesel (HSD) to the extent of 5%. Subsequently, sale of Bio-Diesel (B100) by private manufacturers to bulk buyers has also been allowed. Similarly, Public sector OMCs have been permitted to retail bio-diesel. The Committee appreciate the measures being taken by the Government to promote the use of alternative or Bio-fuels. The Committee recommend that the production of bio-diesel in the Country should be promoted by the Government OMCs through appropriate interventions".

21. In this regard, the Ministry has submitted following reply:-

"In the past, Oil Marketing Companies (OMCs) have made efforts for indigenous production of biodiesel by carrying out plantation & maintenance activities of Jatropha through Joint Ventures with State Governments. However, the desired result i.e. yield from Jatropha was not obtained which incurred losses to the company. Trial results with High Yielding Varieties (HYVs) of Jatropha for production of Biodiesel were also not satisfactory. Therefore, the OMCs put an end to all its operations for undertaking biodiesel production from Jatropha cultivation.

In order to promote Biodiesel in the country, appropriate steps are being taken for allowing sale of Biodiesel for blending purposes to retail consumers by private manufacturers. Besides, specifications for blends of Biodiesel (B6-B20) have been issued by Bureau of Indian Standards (BIS)".

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22. The Committee had recommended that the production of biodiesel in the Country should be promoted by the OMCs through appropriate interventions. The Ministry, in its written reply, has submitted that the OMCs have put an end to all its operations for undertaking biodiesel production from Jatropha cultivation in view of unsatisfactory results. The Ministry has also stated that for promoting biodiesel in the Country, appropriate steps are being taken for allowing sale of biodiesel for blending purposes to retail customers by private manufacturers and Bureau of Indian Standards (BIS) has issued specifications for blends of biodiesel.

The Committee are unhappy to note that the OMCs have effectively stopped their research activities for production of biodiesel from Jatropha in view of unsatisfactory results. The Committee feel that intervention by the OMCs for significant biodiesel production is a must and it may not be a sound policy to depend on private manufacturers only for biodiesel production and supply. Apart from having policies such as 'Biodiesel Purchase Policy' to encourage production/purchase of bio-diesel in the country, MoP&NG, through the OMCs also needs to become a player in biodiesel research and production by making suitable investments in alternative sources of biofuels. In view of the Committee, the OMCs have the wherewithal to encourage research in the area and come out with suitable products for blending. The Committee, therefore, reiterate that the OMCs should promote the production of biodiesel in the Country through appropriate interventions and apprise the Committee.

Recommendation No. 20

National Seismic Programme- Reassessment of Hydrocarbon Resources and National Data Repository

23. The Committee had recommended as under

"The Committee note that after almost two decades of last such exercise, the Directorate-General of Hydrocarbons (DGH) is undertaking a Reassessment of Hydrocarbon Resources in all 26 sedimentary basins of the Country through a Multi-Organisation Team with the collaboration of ONGC and OIL. The project commenced in September 2015 and is scheduled to be completed in 27 months, i.e., by November 2017. The Committee further note that so far, re-assessment study for ten basins have been completed and their draft reports are under preparation. At present, the study for ten more basins is in progress. The Committee also note that the National Data Repository (NDR) has been set up as a part of National Knowledge Hub to populate all the geo-scientific data available in the Country. Its aim is to provide reliable exploration and production data for India for seamless access and on-line data management to the E&P Companies. It will validate, store, maintain and reproduce high quality and reliable geo-scientific data, facilitate efficient data reporting, data exchange, and data trading among existing players, improve DGH"s ability to monitor and control the E&P activities and reporting, encourage new E&P activities by providing high quality and reliable data and strengthen overall geo-scientific activities in India.

NDR Project is currently being executed in the DGH premises in Noida. The Committee understand that initial works relating to NDR project has been completed and it has been populated with data. NDR is ready for providing data to various E&P operators through launching of OALP/HELP programme. The Committee feel that having an NDR for India will enhance prospects of petroleum exploration and facilitate the Bidding Rounds by improving the availability of quality data. It will also help the Country compete effectively in the hydrocarbon exploration and production sector.

The Committee note that two proposals have been received for Geo-Scientific Data generation for hydrocarbons in Indian sedimentary basins and desire that these proposals may be evaluated so that funds and physical targets are achieved for successful completion.

The Committee, therefore, recommend that the project relating to Reassessment of Hydrocarbon Resources be completed without any time overrun and proper guidelines for using the data contained in the NDR should be framed at the earliest so that exploration exercises can be undertaken more effectively".

24. In this regard, the Ministry has submitted following reply:-

"National Seismic Programme of Un-appraised areas

Almost half of the India‟s Sedimentary areas are yet to be appraised. Government of India has taken up an ambitious programme for undertaking 2D seismic survey of entire un-appraisal areas with an estimated expenditure of Rs.3000 crore. National seismic programme was launched on 12th October 2016 in Mahanadi Basin.

Out of 48243 line kilometer (LKM) of 2D seismic, ONGC and OIL will carry out 40835 LKM and 7408 LKM respectively.

Currently 2D seismic data acquisition is in progress. 5618 line kilometer of 2D seismic data has been acquired in the area of Assam, Arunachal Pradesh, Cambay, Saurashtra, Rajasthan, Kutch, Bengal, Mahanadi, NEC basin, Deccan Synclise North, Deccan Synclise-South, Bhima, Kaladgi, Vindhyan-A, Narmada, Satpura, Himalayan-Foreland, Karewa and Spiti – Zanskar as on 31st March 2017.

The national seismic Programme is likely to be completed by 2019-20. Annual milestones have been fixed".

Reassessment of Hydrocarbon Resources

Presently, the process of re-assessment of hydrocarbon resources of 26 sedimentary basins of India including deep water areas integrating all the available geo-scientific data is in progress. The reassessment project is under execution by ONGC in association with OIL and DGH.

Currently, the studies of eleven basins (Satpura-South Rewa-Damodar, Bastar, Chattishgarh, Karewa, Vindhyan, Kerala-Konkan, Mahanadi, Rajasthan, Spiti-Zanskar, Mumbai Offshore and Pranhita-Godavari) have been completed and their draft reports are prepared. The project has been reviewed by the International experts and the suggestions given by the international experts are also incorporated in the report.

The reassessment work of eleven sedimentary basins (A&AA fold Belt, Assam Shelf, Himalayn Fold Belt, Bhima-Kaladgi, KG, Cauvery, Bengal-Purnea, Andaman-Nicobar, Cambay Basin, Kutch-Saurashtra and Ganga–Punjab Plain) is in progress at various work centers of ONGC.

National Data Repository

National Data Repository (NDR) has been set up to populate all the geo-scientific data available in the country. NDR Project is currently being expedited in DGH premises at sector 73, Noida. Integration of Software at NDR site has been completed. Build up phase on pilot data and priority data has also been completed. Currently, NDR is in operation phase wherein data loading and sharing is in progress. So far 16,65,145 line kilometre (LKM) of 2D seismic, 5,83,985 Sq. Km of 3D seismic data,15,254 well reports and 1,964 seismic reports have been uploaded.

NDR is ready for providing data to various Industry E&P operators through launching of OALP/HELP programme. The interested E&P companies would be able to view geo-scientific data from anywhere in the world and firm up an opinion regarding prospectivity of the blocks prior to bidding for the block".

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25. The Committee had recommended that the project relating to Reassessment of Hydrocarbon Resources should be completed within time. In its reply, the Ministry has stated that currently 2D seismic data acquisition is in progress and out of the total of 48243 line kilometre (LKM) of 2D seismic, 5618 LKM of 2D seismic data has been acquired. As per the Ministry, the National Seismic Programme is likely to be completed by 2019-20 and annual milestones have been fixed for the exercise. The Committee may be apprised of the complete details relating to financial and temporal aspects of the National Seismic Programme alongwith annual milestones fixed in the matter.

As regards the Reassessment of Hydrocarbon Resources, the Ministry has replied that out of 26 sedimentary basins, studies of 11 basins have been completed and studies are underway in 11 more sedimentary basins. There is

no mention of the status of work in the remaining basins and also whether the time frame fixed for completion of this work by November, 2017 will be adhered to or any new timeline has been fixed in this regard. The Committee, therefore, desire that reassessment work in all the basins should be completed within fixed time frame. The progress of work may be shared with the Committee in respect of all 26 sedimentary basins for which the exercise was undertaken.

The Committee appreciate that the NDR has become operational with completion of build up phase on pilot data and priority data and the data loading and sharing in the programme is in progress. The Committee hope that this process will be completed in a time-bound manner. The Committee, however, desire that the proper guidelines for using the data contained in the NDR should be framed at the earliest so that exploration exercises could be undertaken more effectively.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

Allocation of Financial Resources to MoPNG

The Committee note that the Budget Allocation of the MoPNG for the year 2017-18 has been pegged at Rs. 29157.57 crore. The funds allocated during 2016-17 at BE stage was Rs 30160.62 crore which has been revised to Rs 30241.76 crore at RE stage. However, the actual expenditure has been Rs. 22,600.91crore till 31.12.2016. The major expenditure are accounted for schemes like Direct Benefit Transfer for LPG (DBTL), other subsidiary payable on SKO, Pradhan Mantri Ujjwala Yojana (PMUY), Indian Strategic Petroleum Reserves Limited (ISPRL) and PDHPL pipeline.

Budgetary allocation for DBTL for LPG which has been pegged at Rs. 13000 crore for RE 2016-17 out of which Rs. 10224.25 crore has been spent till December 31, 2016. The other major component of budget allocation has been the „Other subsidy payable on SKO including NE Region‟ for which an amount of Rs. 8770.70 crore has been allocated at RE 2016-17 while actual utilisation has been 7094.21 crore till December, 2016. The allocation for the scheme during BE 2017-18 is Rs. 8661.87 crore.

PMUY Scheme was allocated Rs. 2000 crore at BE stage in 2016-17 which was revised to Rs 2500 crore at RE stage. The actual expenditure is only Rs. 1436.03 crore till December, 2016. The allocation for PMUY Scheme in BE 2017-18 is Rs. 2500 crore. The Committee also note that for ISPRL phase-I, the actual expenditure in 2015-16 was Rs. 1153 crore. Against RE of Rs. 2001 crore in 2016-17, the expenditure upto December, 2016 was Rs. 1000 crore. In BE 2017-18, Rs. 2499 crore has been allotted for ISPRL phase-I. For phase-II, a token allocation of Rs. 1 crore has been made. For Pradhan Mantri Urja Ganga (PMUG) pipeline project, which aims to connect eastern part of the Country with the western part for gas supply, the allocation in BE 2017-18 is Rs. 1200 crore. In the year 2016-17, allocation for PMUG project at RE stage was Rs. 450 crore.

The Committee feel that the PMUY, ISPRL and PMUG are very important schemes and recommend that the funds allocated therefore should be fully utilized by the end of the financial year. The Committee also recommend that funds should be adequately allocated for schemes like PMUY and the ISPRL- and in case of any shortages, the Ministry of Finance should be promptly approached for additional funds at the RE stage. Similarly, the funds should not be a constraint also for nationally important pipeline projects such as Pradhan Mantri Urja Ganga project for which partial GBS has been committed by the Government.

Reply of the Government

Recommendation of the Standing Committee has been noted. The position with regard the PMUY, ISPRL and PMUG is as under:

PMUY : The Government had initially allocated Rs.2000.00 crore in BE 2016-17 to release 1.5 LPG connections under PMUY. Subsequently, keeping in view the pace of the release of LPG connections under PMUY, the budget allocation was revised to Rs. 2500.00 crore at RE stage. OMCs have released more than 1.98 crore LPG connections in the Financial Year 2016-17. An amount of Rs. 2499,99,99,700/- was reimbursed to Oil Marketing Companies towards release of LPG connections under PMUY in the FY 2016-17. Thus, almost all funds allocated under PMUY in the FY 2016-17, has been utilized. Further, the Government has made provision of Rs. 2500.00 crore to release 1.5 crore LPG connections under PMUY in the Financial Year 2017-18.

ISPRL : Rs. 2001 crore allocated for ISPRL (Crude filling)Phase-I in RE 2016-17 has been released in the year 2016-17 and thus fully utilized. The Phase II projects of ISPRL are yet to be approved by the Cabinet Committee on Economic Affairs (CCEA). The allocation of Rs 1.00 crore as BE for FY 2017-18 against a total outlay of Rs 9116 crore for Phase II, is only a token provision and funds would be sought after the formal approval is obtained.

PMUG : Rs.450.00 crore allocated for PDHPL in RE 2016-17 (against Ministry‟s proposal for Rs.900.00 crore as per CCEA‟s approval) has been released in the year 2016-17 and thus fully utilized.

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Recommendation No. 2

Indian Strategic Petroleum Reserves Limited (ISPRL)

The Committee note that the first phase of building of strategic oil caverns is almost complete and while the caverns located at Visakhapatnam and Mangalore have been commissioned, the Padur cavern is delayed on account of land acquisition issues and pending court cases. The Committee further note that for ISPRL Phase-I, the BE for 2016-17 was of Rs. 1001 crore, which has been enhanced to Rs. 2001 crore at RE stage. Out of this amount, Rs. 1000 crore has been utilised till December, 2016 which is only 50% of the amount allocated under RE. The Committee find that for Visakhapatnam Crude Oil storage facility, the total reimbursable amount is Rs. 2112 crore. Out of this, remaining amount of Rs. 1001 crore has to be utilised for reimbursing PSUs. But, surprisingly, not a single rupee has been shown as spent till December, 2016 for meeting operation and maintenance cost (O&M costs) out of Rs. 45 crore allocated for the purpose at RE 2016-17 stage. The Committee, therefore, desire that the remaining amount should be reimbursed to the Oil PSUs and Ministry should submit a justification for no allocation for meeting O&M costs during BE 2016-17 and not spending a single rupee till December, 2016. The Committee note that the BE for crude filling in 2017-18 has been kept at Rs. 2499 crore and O&M expenses has been kept at Rs. 79 crore. The Committee hope that this allocation will be sufficient for filling of oil in phase-I caverns and to meet operation and maintenance costs.

While observing the funding pattern, the Committee find while that no Gross Budgetary Support (GBS) has been provided for the construction of caverns, the filling up of caverns in Visakhapatnam and one cavern in Mangalore has been funded through budgetary support. The Committee also note that the Government is looking at various options, including allowing overseas companies for storing their crude oil in these caverns. For filling up of one cavern in Mangalore, an agreement with Abu Dhabi National Oil Company (ADNOC) has also been signed. In order to fill up Padur storage facility, the Committee note that to formulate a viable commercial model, an EOI was floated and six responses have been received at the end of last date for submission of proposal in end December 2016. The Committee therefore, recommend that the remaining part of the pipeline at Padur cavern should be expeditiously completed and desire that the ISPRL/Ministry should evaluate the proposals received for filling of Padur facility and finalise the same within a reasonable time.

The Committee also observe that the Government, in the budget, have announced construction of two more strategic caverns in Chandikhole (Odisha) and Bikaner (Rajasthan) under Phase-II of ISPRL. For the ISPRL Phase-II, Rs. 1 crore has been allocated in BE of 2017-18 against a total financial outlay of Rs. 9116 crore. While the cavern at Chandikhole will be completed in 64 months, the Bikaner cavern is expected to be completed in 96 months. The Committee desire to be informed about the international standards as far as time taken in construction of such caverns are concerned. The Committee feel that though the completion time for phase-II project has been kept very long, it, however, want that sufficient funds should be provided for completion of these strategically important projects.

Reply of the Government

MoPNG has noted the recommendation of the Standing Committee. MoPNG has reimbursed Rs 2001 crore to ISPRL in F.Y. 2016-17.

In 2016-17, for O&M of the facility, Rs. 29.49 crores were spent against the sanctioned amount of Rs 45 crores. The short utilization of funds is on the account of that the Visakhapatnam storage was commissioned in year 2015. Also, there was no expenditure towards Operations & Maintenance (O&M) for the Mangalore facility which was commissioned in October 2016 and for three months the facility was to be maintained by the EPCC contractor.

After reimbursing the outstanding amount to oil PSUs for filling the storages at Visakhapatnam and Mangalore, some amount will be available for procurement of approximately 0.5 MMT of crude oil for Padur. This crude oil can be used for commissioning of the Padur facility. In case the alternate business models being explored do not fructify, additional funds will be sought in RE of 2017-18. The reimbursement of Rs. 1121 crore to ISPRL out of allocated 2499 crore is already approved.

The total requirement of funds for the O&M of all the three locations is Rs 179 crores, against this an amount of Rs 79 Crores has been allocated in the budget. Depending on the progress of works and the placement of orders for O&M of the facilities additional funds would be sought in the RE of 2017-18.

The pipeline for Padur project is being laid and short stretch of 300 meters is pending for completion due to court cases and Right of Use (RoU) issues. The anticipated commissioning for Padur facility is July 2017.

In response to the Preliminary EOI floated by ISPRL, 6 companies namely BP, Shell, Goldman Sachs, Trafigura, MRPL and HPCL had shown interest in Padur. While three companies have expressed their in principle interest in participating in filling the caverns, clarity on issues such as strategic and commercial break up, applicable tax structure etc. need to be finalized.

According to M/s. Geostock, a leading consultant for underground rock cavern projects in the world and a backup consultant to EIL for the ISPRL Mangalore Project, as far as international standards are concerned, the average gestation period for cavern projects is approximately 7 years (84 months). The anticipated timeline of 5 years 4 months (64 months) for completion of Chandikhol project is within the timeline of 84 month as per the global standards. With respect to the Bikaner project the anticipated timeline for the completion of entire project is 8 years (96 months). However, anticipated timeline for the completion of the first cluster of 4 caverns having a capacity of 1.875 MMT is 5 year 6 months (66 months) which is well within the international benchmark of 84 months.

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Recommendation No. 3

Pradhan Mantri Ujjwala Yojana (PMUY)

The Committee note that Pradhan Mantri Ujjwala Yojana (PMUY) was launched in the year 2016-17 in order to increase LPG coverage among rural poor households. The scheme aims at providing 5 crore deposit free new LPG connections to women of Below Poverty Line (BPL) households over three years starting from 2016-17. The first two years will target 1.5 crore connections every year while 2 crore connections are to be given in the third year. The scheme will provide an initial cost of Rs 1600/- for providing LPG connection to poor households in the name of women of the household. Under the scheme, initially OMCs bear the cost of release of new connections out of their own available fund and subsequently, make their claim for reimbursement with the Ministry. Ministry reimburses the claimed amount after due verification.

The Committee also note that the target of 1.5 crore connections for the year 2016-17 has been achieved by the end of December 2016. During Financial Year 2016-17, Rs. 2000 crore was allotted for release of 1.5 crore connections under PMUY of which Rs. 1768 crore (claim made upto 30.11.2016) has been reimbursed to OMCs. At RE stage the allocation has been enhanced to Rs. 2500 crore. Further, Rs. 2500 crore has been allocated for Financial Year 2017-18.

While appreciating the Ministry and OMCs on the successful implementation of the Pradhan Mantri Ujjwala Yojana (PMUY), the Committee expect the Ministry to issue suitable guidelines to OMCs that the local elected public representatives particularly the Members of Parliament should be involved in the launch/ implementation of the scheme as this is a Central Government scheme. The Committee also recommend that the Ministry and OMCs should not become complacent and slacken but continue their efforts to achieve the targets in the next two years also and desire setting up a monitoring mechanism to ensure that the beneficiaries under the PMUY scheme are actually using the gas cylinders and refilling them. Any additional requirement of funds for covering more than the targeted households may be sought from the Ministry of Finance at the RE stage. The Committee also desire that the Ministry/OMCs should evolve a mechanism involving elected public representative to identify deserving persons who may have been left out in the Socio-Economic Caste Census (SECC) data so that they may also become beneficiaries of PMUY.

Reply of the Government

OMCs organise „Melas" at various locations for release of LPG connections under PMUY in the presence of public representatives and distinguished personalities of the area. The presence of public representative enhances the awareness of the scheme. Further, District Nodal Officers (DNOs) have been appointed to co-ordinate with elected representatives for smooth implementation of the scheme.

The Government had set a target to release 1.5, 1.5 and 2 crore LPG connections during Financial Years 2016-17, 2071-18 and 2018-19 respectively. OMCs have already released more than 1.98 crore LPG connections under PMUY during the Financial Year 2016-17. Keeping in view the pace of release of connections, it is expected that the Govt. will achieve the target of release of 5 crore LPG connections by 2018-19. The average refill consumption by PMUY beneficiaries is 4 cylinders per annum.

The Socio-Economic Caste Census (SECC) data data has been prepared by Ministry of Rural Development and Ministry of Housing and Urban Poverty Alleviation in consultation with State Governments. Instances of non-inclusion of names in the SECC List have been brought to the notice of Ministry of Rural Development for taking necessary remedial action.

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Recommendation No. 4

Indian Institute of Petroleum and Energy

The Committee note that an Indian Institute of Petroleum and Energy (IIPE) is to be established in Visakhapatnam, Andhra Pradesh in accordance with the Andhra Pradesh Reorganisation Act, 2014. The objective of the University is to meet the quantitative and qualitative gap in the supply of skilled manpower in the petroleum sector and promote research activities. Total capital expenditure for the project is estimated at Rs. 655.46 crore. A provision of Rs. 14.20 crore has been made for

IIPE in BE 2017-18. Andhra Pradesh Government has made available 200 acres of land free of cost for the IIPE and foundation stone for the project has been laid on 20th October 2016. The Committee further note that the IIPE is currently operating from a temporary campus at the space provided by the College of Engineering in Andhra University at Visakhapatnam from the year 2016-17. IIT-Kharagpur is acting as a Mentor Institution for starting the academic session 2016-17. The Committee are not satisfied with the progress made so far in setting up the Institute. The Committee note that since the institute is of national importance, it involves Legislation seeking Parliament approval so that the institute can give degrees. The Committee recommend that work relating to enactment of Legislation should be expedited and desire that the Institute should start functioning from its own campus at the earliest and adequate funds should be allocated for the purpose of building of own campus of IIPE. The Committee desire that the revised cost outlay and time line for completion of the project should be shared with the Committee.

Reply

The Note for the Cabinet along with the the draft Bill for establishment of Indian Institute of Petroleum and Energy (IIPE) at Visakhapatnam was sent to the Cabinet Secretariat for consideration before the Cabinet. The Union Cabinet in its meeting held on 12.4.2017 has given its approval for setting up of IIPE at Visakhapatnam in Andhra Pradesh. An amount of Rs.32.00 crore had been allocated to IIPE during the year 2016-17 which was released to them. Further, an amount of Rs.145.20 crore has been allocated for the year 2017-18 which will be released. Ministry of Finance will be requested for allocation of funds from time to time as per schedule. IIPE Bill has been introduced in the Parliament in the Monsoon Session.

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Comments of the Committee
(Please see para No. 7 of Chapter -I)

Recommendation No. 6

Direct Transfer of Cash Subsidy for Kerosene (DTCK)

The Committee note that Rs. 50 crore was allocated for DBTL in Kerosene in BE 2016-17. However at RE stage it was reduced to Rs. 0.01 crore as the DBTL scheme in 2016-17 was implemented in only four districts of Jharkhand and no amount could be spent in that year. The Committee further note that during 2016-17, a provision of Rs. 7094.21 crore was made in BE for making payments towards under recovery under the Head „Other Subsidy payable including NE region (SKO)" which were fully utilized and at RE stage in 2016-17, the allocation were increase to Rs. 8770.70 crore as the subsidy outgo was more. In BE 2017-18, an allocation of Rs. 8661.87 crore has been made. The Committee also note that cash incentive to the tune of 75% of the subsidy saved is paid to the states/UTs which voluntarily undertake cut in PDS SKO allocation. In the year 2016-17, Karnataka, Haryana and Telangana undertook voluntary cut for which about Rs. 112.4 crore was paid to them. Allocation in 2017-18 has been increased to Rs. 150 crore as more states are expected to join the scheme. The Committee feel that expanding the coverage of LPG beneficiaries is necessary to reduce dependence on Kerosene. Only then it will be possible to reduce expenditure on the subsidy on Kerosene. The Committee feel that the Government should work towards eventual withdrawal of kerosene subsidy as it will not only result in more usage of cleaner fuel, promote the health of users but also address problems such as adulteration. The Committee, therefore, recommend that the efforts towards universal coverage of LPG should be intensified. More and more states should be encouraged to move towards DTCK in Kerosene to eliminate inefficiencies in Kerosene subsidies. The Committee also desire that the Ministry/OMCs should ensure that non-subsidized kerosene is available in retail outlet of OMCs so that consumers can easily purchase them.

Reply of the Government

The national LPG coverage as on 01.01.2016 was 61.3 %, which has increased to 72.8 % as on 01.04.2017. Further, the Government has targeted to release 3 crore more LPG connection including 1.5 crore under PMUY in the Financial Year 2017-18. It will increase the LPG coverage significantly.

Ministry of Petroleum & Naturla Gas has launched Direct Benefit Transfer in PDS Kerosene (DBTK) Scheme with effect from 01-04-2016. The initative of the Government is aimed to cut subsidy leakages. Under the Scheme, the Kerosene is being sold at non-subsidised price and subsidy, as admissible, is being transferred to consumers directly into his/her bank account. The States participating the scheme would be given cash incentive of 75% of subsidy savings during the first two years, 50% in the third year and 25% in the fourth year. In case the States voluntarily agree to undertake cut in kerosene allocation, beyond the savings due to DBT, a similar incentive would be given to those States/UTs.

Jharkhand has become first State in the country to implement DBTK in all the Districts of the State. The States of Karnataka, Haryana, Telengana, Nagaland and UT of Chandigarh have responded favourably by undertaking voluntary cut in their PDS SKO allocation of 2,19,161.40 KL.

The Ministry is regularly following up with the States/UTs and also urged them to join DBTK Scheme. Regular meetings have been organised in this respect by MoPNG with State/UT Governments.

With a view to ease the availability of Kerosene, the Central Government has amended the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993 allowing sale of Kerosene at commercial rate in the open market. It is expected that this will reduce demand for diverted PDS Kerosene by improving availability of non-PDS Kerosene in the open market and wil thus met the demand of Kerosene for various legitimate end uses for the industry and for individual consumption by those who can afford it at market price.

Accordingly, OMCs have allowed existing Kerosene dealers (wholesalers) of OMC‟s to market white Kerosene (non-PDS Kerosene) to small consumers. Revised procedure for making white Kerosene available to the interested Kerosene wholesalers has been prepared by OMCs and made available to all Kerosene dealers. Moreover the State Level Coordinator of OMCs have sent communication to the respective State Governments to nominate and authorize one or more existing Kerosene wholesalers to market Non PDS Kerosene wherever demand exists. Further Ministry of Petroleum and Natural Gas has also advised the State Governments to consider suitable steps for allowing marketing of Non PDS Kerosene in their area of operation. Some State Governments have already permitted existing Kerosene wholesalers / private entities / Government bodies to market Non DS Kerosene".

PDS Kerosene allocation of States/Uts have been rationalized since 2010-11, by taking into account the factors such as increase in domestic LPG / PNG connections and non-lifting of PDS Kerosene quota by the concerned States/Uts etc. However, for the year 2016-17, allocation of PDS SKO was made on the basis of recommendation of Inter-Ministerial Committee (IMC), Ministry of Finance. IMC had observed that in the case of few States, the subsidized Kerosene allocation for 2015-16 was more than the households consumption as estimated in the 2011-12 NSS Data. IMC recommended that the allocations of all the States with PDS Kerosene allocation more than their total household consumption as estimated in 2011-12 NSS data, should be brought down to the level of their consumption. In line with the recommendation of IMC, PDS Kerosene allocation of various States/UTs for the year 2016-17 was determined at 68,76,024 KL against an allocation of 86,85,384 KL made in 2015-16 with overall reduction of 20.18%

Further, in the first half of 2017-18, an allocation of 26,22,056 KL of PDS SKO has been made to States/Uts, with reduction of 34.03% as compared to corresponding period of 2016-17.

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Recommendation No. 8

Reduction in Import Dependency

The Committee note that the Prime Minister has given a call to reduce import dependency on petroleum imports by 10% by the year 2022 and to implement the vision, a Committee had been constituted under the Chairmanship of Additional Secretary (P&NG) which submitted its final report in April 2016 and has recommended a five pronged strategy and actionable points for various divisions have been prepared and circulated. The Committee also note that action in this regard pertain to several Ministries/Departments such as Finance, Agriculture, Power, Highways and transport, etc. The estimated total savings will be 68.7 (O+OEG) Million Tonnes of Oil Equivalent (MTOE) as against the required reduction of 61.8 MTOE in consumption of Petroleum Products.

An integrated monitoring and advisory council is being constituted under the Chairmanship of Secretary (P&NG) with representatives of all ministries / departments having actions on their part. Given the fact that demand for petroleum products in the Country is increasing by about 10% per annum and the domestic production of crude oil and gas is almost stagnant or declining, the task of reduction in import dependency will be challenging. The Committee are of the view that the pace of addressing the goal by the Ministry has been very slow and does not augur well for the task to be achieved. It is two years since the goal has been spelt out but, no firm action by any of the ministries towards the goal has been started yet. Moreover, the Ministry has not fixed any annual target for reduction of imports of crude oil during the period leading upto 2022. On the contrary, the Committee note that in the last two years the imports of crude oil has increased and therefore, desire that the Ministry should fixed annual targets for reduction of imports of crude oil.

The Committee feel that the five pronged strategy devised by the Ministry is grossly inadequate and lacks inclusion of all round focus for the strategy does not indicate R&D activities to be undertaken, financial incentives needed etc. The Committee also feel that this task needs better coordination among the various ministries and therefore, recommend that the entire exercise should be monitored at Inter-Ministerial level and wherever necessary, global cooperation may also be obtained. The Committee also opine that experiences in other parts of the world on some of these issues could also be studied and suitably incorporated in the strategy particularly in areas like use of Hydrogen as fuel, Electric Vehicles, solar equipments/appliances, hybrid vehicles etc,.

Reply of the Government

An Integrated Monitoring and Advisory Council(IMAC) has been constituted under the Chairmanship of MoS (I/C), P&NG for effective implementation of the roadmap for 10% reduction in dependency on import in energy by 2021-22.

The main purpose of IMAC is to facilitate better coordination and comprehensive strategy of all energy sources while addressing common concern and creating synergy in implementation of roadmap including R&D and innovation in oil & gas sector.

The members of IMAC are JS level officers from the Ministry of Rural Development, Ministry of New and Renewable Energy, Ministry of Finance, Ministry of Agriculture & Farmer Welfare, Ministry of Road Transport & Highways, Ministry of Power, Ministry of Urban Development, Energy Economist and Secretary, PNGRB. The council will meet periodically to oversee the roadmap to achieve the target of 10% reduction in import dependency in energy by 2021-22.

In the five pronged strategy, R&D activities and financial incentives are briefly indicated. In the first strategy, vide recommendation 13 (page 49, 50 and 51) of the report, the need for sponsoring/ infusing more capital for promoting R&D activities has been recognized alongwith the involvement of international research institutions for in-house development of new technologies in the area of upstream activities.

The need for adequate funding for aggressive R&D activities and Viability Gap Funding (VGF) proposals during initial years for 2G technology developments has also been recognized (Page 103). It is also indicated to allocate a fund for biofuels R&D to perform field trials and related activities.

Providing necessary guidance and assistance for asset acquisition for oil and gas, technological collaboration related to R&D activities, energy efficiency, conservation, supply management and demand management, framing a comprehensive R&D policy for energy in general and oil and gas in particular for promoting dialogue among stakeholders, fostering strategic partnerships, developing technological missions, identifying critical thrust areas and setting long term objectives, integrating efforts for fund allocation and its transparent utilization etc. has been identified as one of the important functions of IMAC.

In addition to these, the R&D activities being adopted by the countries chosen as case studies in chapter 9 of the report for reducing import dependency have also been captured for reference and learning.

Some policy interventions which would entail financial incentives included in the report are given below:

Page #	Policy interventions
44	Development of suitable incentivizing mechanism for promoting IOR/EOR methods
42-43	Operationalize the process for marginal and small fields developments for both under bidding round and nominated to ONGC
48-49	Natural gas sector reform- Infrastructure and pricing reforms
46	Oil and gas price premium for difficult/challenging areas
46	Formulating a framework for fast-tracking requirement for CBM/ Shale projects
85-86	Financial incentives/ supports for demand substitution
97-98	Incentives for active participation in producing fuel grade ethanol
103	Adequate funding for aggressive R&D activities and Viability Gap Funding (VGF) proposals need to be put in place for 2G technology developments
117-119	Financial incentives related to biodiesel and bioethanol expansion
128	Incentives relating to substitution of oil with electricity and renewables
148	Government supports relating to refinery process improvement

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<u>Recommendation No. 9</u>

<u>Impact of GST on Petroleum Sector</u>

The Committee note that as per the GST Constitutional (Amendment) Bill, 2016, all petroleum products and services are covered under the ambit of GST except supplies of crude oil, MS, HSD, ATF and Natural Gas which will be brought under

GST at a later date. The Committee feel that under the GST regime, the tax liability of the upstream oil PSUs will increase as the GST rate on inputs is expected to be higher than the prevailing rate of taxation. In addition, if crude oil and natural gas are kept out of GST, the upstream oil companies like ONGC and OIL cannot claim credit for their money spent towards VAT on services hired and goods used for production of petroleum products. Moreover, the inputs in the form of equipments and services will also attract GST but the main output, i.e., crude oil will be out of the purview of GST. The Committee also note that in downstream sector, in the course of refining crude oil, several products are manufactured some of which will be under GST and some will be out of the purview of GST. This will result in distortions in pricing of the product as well as increase in input cost of the oil companies. Also, they have to maintain separate accounting for GST and non-GST accounts.

The Committee feel that the GST will lead to increase in operational cost of the petroleum products and can have cascading effect across the supply chain. The Committee are of the view that the oil PSUs companies should be able to get adjustment of full VAT credit for the total amount against VAT that have been paid by them on inputs and services. The Committee, therefore, recommend that the MoPNG should take up the matter of providing full credit of VAT to the oil companies against VAT paid by them with the Ministry of Finance and a mutually acceptable solution to the problem be found.

Reply of the Government

The Ministry of Petroleum & Natural Gas has been pursuing with Ministry of Finance for considering an appropriate rate of GST on specified petroleum products, viz, crude oil, natural gas, HSD, MS and ATF.

As recommended by the Standing Committee, Ministry of Petroleum & Natural Gas will take up the matter with the Ministry of Finance.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/19/2017-Fin.I dated 25th July, 2017

Recommendation No. 11

Share of Gas in Energy Mix

The Committee note that the share of natural gas in the primary energy mix of the country was 7.1% in 2014. Though the share of gas consumption in the energy mix of the country has registered some increase during the last ten years, it has declined in the last five years. Similarly the domestic production of natural gas has also declined over last few years. From 35.407 BCM in 2013-14 it has declined to 32.248 BCM in 2015-16 and is projected to decline further in the coming years. The reasons of decline has been cited as sharp decline in production in KG deep-water block operated by the RIL, natural decline in the major gas producing fields and delay in commencement of production from Eastern Offshore Fields. As a result of decline in domestic production and domestic consumption because of various factors, infrastructures created for natural gas are being operated at sub-optimal level. The Committee also note that due to a number of factors, such as, carbon content per unit of heat and lower cost of calorific value, gas is a preferable source of fuel compared to oil. Taking all this factors in account and also that the Government‟s vision of having the share of natural gas in the primary energy mix of the Country at 15% by 2030, the Committee are concerned that adequate efforts are not being taken to increase domestic production of gas even though potential for the same exists in the Country. It is also required to fulfil the Government‟s vision of reducing import dependency by 10% by the year 2022. The Committee feels that the Government should take effective steps to increase the domestic consumption of gas by expanding the CGD and PNG/CNG networks to various parts of the Country not only because gas being a cleaner and greener fuel but also because sufficient capabilities to increase domestic production of gas exist in the Country. The Committee, accordingly, recommend that all bottlenecks preventing production from the Eastern Offshore Gas fields are removed at an early date to boost domestic production of gas. The Committee also recommend that domestic consumption of gas in building, industry and transport sectors should be incentivized by the Government through policy interventions.

Reply of the Government

Enhancing Production from the Eastern Offshore Gas fields

ONGC is giving major thrust to develop discoveries made in the Krishna Godavari basin in Eastern offshore. Integrated Development of G-1 & GS-15 project has been completed & put on production. Vashishta, S1 and Cluster-II fields of NELP Block KG-DWN-98/2 field development projects are under implementation in Eastern offshore. The projected gas production from cluster-II is from 2018-19 to 2033-34 with peak gas production of 12.75 MMSCMD. The projected crude oil production is from 2019-20 to 2030-31 with peak oil production of 80,157 BOPD.

Production has commenced from well S2AB in S1 field by utilizing existing facilities of G-1. Development of other discoveries in KG offshore such as KG-DWN-98/2 (Cluster-I & III fields), GS-49 and GS-29 & G-4-6 fields etc. are under various stages of appraisal/ development.

Field Development Plan for D34 discovery made by RIL was approved by the Management Committee and new gas is expected in first quarter of 2020. GSPC is also taking actions for development of gas discoveries in block, KG-OSN-2001/2 located in Krishna Godavari basin. .

Incentive for Gas production from difficult areas

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.

As per IEA (International Energy Agency) estimate (ref. NITIAayog‟s discussion paper on National Energy Policy), the respective share of global oil and gas is expected to. However, in order to increase the share of gas from 6.5%to 12% by financial converge to 25% each. Accordingly, with no change in prevailing policy conditions, the share of gas in the primary energy mix can be targeted to 25% from the prevailing 6.5% by financial year 2035year 2022 in primary energy mix, the following precursors are required-

- Changeover of old coal based power generation to natural gas based generation, which is environment friendly.

- Replacing other solid and liquid fuels like Furnace oil/Naphthain industrial sector with the Natural Gas which would reduce the carbon footprint.

- Inclusion of natural gas in GST in order to remove distortion in consumer pricing as well as to do away with the distortions due to differential VAT regime (0% to 26%) in different states etc.

On the aspects of expansion of City Gas Distribution (CGD) network to increase the usage of natural gas in PNG/CNG segments, the Government, in year 2007, has established Petroleum and Natural Gas Regulatory Board (PNGRB) under the PNGRB Act 2006. Under the Act, PNGRB grants the authorization to the entities for developing a City Gas Distribution (CGD) network in a specified Geographical Area (GA) of the country. CGD network supplies gas to four distinct segments – Piped Natural Gas (PNG) used in domestic, commercial and Industrial segments as well as Compressed Natural Gas (CNG) predominantly used as auto-fuel.

PNGRB has concluded total 7 rounds of CGD bidding to grant authorization to entities for developing CGD projects in different parts of the country. At present, 78 cities covering 20 States/UTs have been approved for CGD projects by PNGRB. Further, PNGRB is also in process to award another 14 cities under ongoing 8th round of bidding.

In order to facilitate the faster roll-out of PNG/CNG network in the country, Government has prioritized the domestic gas allocation for CGD entities to meet their entire requirement of PNG (Domestic) and CNG (transport) segments. About36 Lakh households are availing the benefit of domestic gas in the form of PNG for cooking purpose. Further, existing CGD companies are also supplying domestic gas in the form of CNG for Transport Sector though their 1178 CNG stations. At present, CGD sector is consuming approx. 11.50 MMSCMD of indigenous domestic Gas for CNG (Transport) and PNG (Domestic) sector.

In order to expand the coverage of CGD network in the country, possibility of completion of Natural Gas Grid is being explored. PNGRB has identified 226 such cities which will be awarded in future CGD bidding rounds in phased manner in synchronization with the commissioning of Natural gas grid. With these steps, coverage of CGD networks is expected to 318 cities by 2022.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/19/2017-Fin.I dated 25th July, 2017

Recommendation No. 12

Pradhan Mantri Urja Ganga (PMUG) Project

The Committee note that Pradhan Mantri Urja Ganga (PMUG) Project is being implemented in order to develop gas pipeline network in the Eastern Part of the Country. The pipeline will connect Jagdishpur-Haldia and Bokaro-Dhamra. The Committee also note that for the first time, Government is providing capital grant of 40% (Rs. 5176 crore) of the total estimated cost of Rs. 12490 crore for developing this gas pipeline. The Committee observe that in RE 2016-17, Rs. 450 crore was provided for the project and during this year (2017-18) BE of Rs. 1200 crore has been provided. The project is likely to be completed by the year 2020. The Committee further note that the objective of the project is to connect Eastern part of the country with Natural Gas Grid and ensure the availability of clean and eco-friendly fuel, i.e., Natural Gas to the industrial, commercial, domestic and transport sectors in the States of Uttar Pradesh, Bihar, Jharkhand, Odisha and West Bengal. GAIL has been entrusted with the responsibility of implementing the project. The Committee understand that the Capital Grant will encourage the supply of eco-friendly fuel at affordable tariffs to industries and will encourage industrial development, particularly the fertilizer plants in Gorakhpur, Barauni and Sindri. The project will also help expand CGD project to cities in Eastern India, namely, Varanasi, Patna, Jamshedpur, Cuttack, Ranchi and Kolkata. The Committee appreciate that Government is taking initiative to connect the eastern region of the Country with gas pipelines which will result in greater use of clean fuel and reduce the use of Kerosene and firewood. The Committee recommend that the project should be implemented within the timeline prescribed and without any cost escalation. To ensure this, Ministry needs to have a robust monitoring mechanism and the project progress should be assessed periodically.

Reply of the Government

The Government is making concentrated efforts to implement the Jagdishpur-Haldia/Bokaro-Dhamra Pipeline (JHBDPL) which is popularly known as Pradhan Mantri Urja Ganga (PMUG) project for eastern part of the country within the timelines prescribed and without any cost escalation. At present, Project is proceeding as per schedule and no Time & Cost overruns are envisaged. In order to expedite the completion of this project, the progress of project is monitored through regular review meetings and fortnightly project progress reports.

Ministry of Petroleum & Natural Gas
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Recommendation No. 13

Expansion of City Gas Distribution/PNG Network

The Committee note that out of 75 Geographical Areas (GAs) authorized by PNGRB for development of CGD networks in the country, 57 GAs have been covered by CNG by 2015-16 and remaining GAs are likely to be covered during 2016-17. The Committee also note that 8th bidding round has been launched recently for seven new GAs (8 districts) across the country i.e. Karnal, Ambala Kurukshetra, South Goa, Baghpat, Yanam, Kolhapur and Bulandshahar. The Committee understand that PNGRB has envisaged a phased roll out plan for development of CGD networks in various parts of the country depending on the natural gas pipeline connectivity/natural gas availability and feasibility for grant of authorization to develop CGD networks in the country. As regards CNG, the Committee note that a total of 1167 CNG stations were operating in the Country catering to the fuel requirements of 28,44,616 CNG vehicles through 32 CGD entities as on September 2016. As regards domestic PNG connections, there were 34.21 lakh connections as on 1 January 2017. A total of about 78 lakh PNG domestic connections are targeted to be provided by the end of 2017 and about 97 lakh connections are targeted to be provided till the year 2021. The Committee feel that the implementation of CGD projects is very slow and are unable to understand as to how the target of providing the 43.79 lakh new connections by December 2017 is going to be achieved. The Committee expect the Ministry to share its plan in this regard.

The Committee understand that the total quantity of natural gas required for CNG and PNG under City Gas Distribution is to be provided from the domestically produced natural gas. The availability of Gas to be supplied in case the targeted PNG connections are made functional is also an issue. The Committee, therefore, recommend that availability of adequate natural gas should also be ensured alongwith necessary infrastructure for expansion of CGD and PNG projects in order to enable people living in all parts of the Country have access to efficient and cleaner fuels. Also Ministry should monitor the progress of such projects so that the prescribed targets are achieved.

<u>Reply of the Government</u>

On the aspects of expansion of City Gas Distribution (CGD) network, the Government, in year 2007, has established Petroleum and Natural Gas Regulatory Board (PNGRB) under the PNGRB Act 2006. Under the Act, PNGRB grants the authorization to the entities for developing a City Gas Distribution (CGD) network in a specified Geographical Area (GA) of the country. CGD network supplies gas to four distinct segments – Piped Natural Gas (PNG) used in domestic, commercial and Industrial segments as well as Compressed Natural Gas (CNG) predominantly used as auto-fuel.

At present, 78 cities covering 20 States/UTs have been approved for CGD projects by PNGRB. Further, PNGRB is also in process to award another 14 cities under ongoing 8th round of bidding. In order to expand the coverage of CGD network in the country, PNGRB has identified 226 such cities which will be awarded in future CGD bidding rounds in phased manner in synchronization with the commissioning of Natural gas grid. With these steps, coverage of CGD networks is expected to 318 cities by 2022.

PNGRB is regularly monitoring the progress in each of the GA authorized and to monitor the targets, review meetings are held by the Board to evaluate the performance of the entities. Corrective measures are also taken in line with the provisions of extant Regulations as notified under the PNGRB Act, 2006.

As on 31st March 2017, the existing CGDs are supplying Natural Gas to about 36 Lakh households in the form of PNG. In order to achieve the targets, GAIL, along with its JVs/Subsidiaries CGD companies, shall endeavour to connect 9 Lakh new Households with PNG in FY 2017-18.

In order to facilitate the faster roll-out of PNG/CNG network in the country, Government has prioritized the domestic gas allocation for CGD entities to meet their entire requirement of PNG (Domestic) and CNG (transport) segments. Further, the Government of India has also issued advisory to the State Governments for treating CGD network as a Public utility service as well as extending necessary supports to CGDs by providing timely permissions at reasonable road restoration charges. It is also being pursued for suitable modifications in extant rules/guidelines/by-laws by earmarking of land area for new CNG at the planning stage of City/town as well as creating the provisions of gas pipeline in residential and commercial buildings at the architectural design stage, at least in Government buildings/ High-rise apartments.

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Recommendation No. 14

Reduction of Customs Duty on LNG

The Committee note that the Government has proposed reduction of Customs duty on LNG from 5% to 2.5% during the financial year 2017-18. The reduction in duty is expected to result in savings of about Rs. 900 crore to consumers based on LNG consumption during the year 2015-16. As the reduction will make LNG price competitive to alternate fuels, the move is expected to give boost to gas as fuel in industries such as steel, fertilizer, power, etc. which are major users of LNG. It will provide incentive to industries to switch over to LNG from other competing fuels. The Committee feel that the reduction can help revive idle gas-based power plants. The Committee appreciate that the move will result in greater use of LNG which is more environment-friendly compared to other conventional fuels and will also help the nation to honour its commitment of limiting carbon emissions. Further, in view of the Committee, increase in use of gas is necessary to improve the share of gas in energy mix of the Country and the increase in demand for LNG may spur the production of gas which is domestically available. It may also lead to creation of mid-stream infrastructure from LNG terminals to gas pipelines and city gas distribution networks. While steps such as reduction of duties may make gas utilization attractive and viable, the Committee recommend that the Government needs to take more policy measures and make gas an attractive choice of industries.

Reply of the Government

Till FY 2016-17, import of LNG for Power sector was only exempted from custom duty subject to certain conditions. However, other industrial sectors like fertilizer, LPG etcwas bearing the burden of Custom duty @ 5% plus education cess. In order to make affordable LNG, Government of India has reduced the custom duty on LNG import from 5% to 2.5% during FY 2017-18.

As per the recommendations of Hon‟ble Committee, efforts will be made for considering a case to exemptfrom payment of custom duty to gas based industries and domestic consumers.

Further, in connection with Finance Minister Budget Speech 2017-18, input/material on the issue of "Exemption of custom duty n import of LNG" as per the following was sent to the Ministry of Finance for consideration;

> "Crude oil is exempt from Custom Duty. However, 5% Custom Duty is imposed on LNG. This additional cost is ultimately passed on to consumers. Exemption of Custom Duty on LNG will improve the afforability of imported RLNG for consumption and promote its use as an alternative source and will help in filling the wide gap in supply of Natural Gas in the contry. This dispensatinmay be given to all enduser – industries, like LPG, Steel, Petrochemical and Refinery etc".

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O.M.No.G-38011/19/2017-Fin.I dated 25th July, 2017

Recommendation No. 15

Exploration and Production of Crude Oil and Natural Gas

The Committee note that in last three years the total crude oil production in India was 36.95 MMT in 2015-16, 37.46 MMT in 2014-15 and 37.78 MMT in 2013-14 respectively. In 2016-17 (upto December 2016), the production was 27.04 MMT. Similarly, the production of natural gas in last three years has been 97 MMSCMD in 2013-14, 92.2 MMSCMD in 2014-15 and 88.1 MMSCMD in 2015-16 while in 2016-17 (upto December 2016), the production of natural gas was 86.9 MMSCMD. It can be seen that crude oil production show either stagnant and slightly declining trend and the scenario is same for natural gas also. Crude oil production is declining because major production fields of the country, namely, Mumbai High, Gujarat and NE region have aged and production in those fields are declining after having peaked. The sharp fall in natural gas production is being attributed to decline in production coming from KG deep-water block operated by RIL, natural decline in old gas fields, accidents in Andhra Pradesh gas fields (Tatipaka) and bandhs/blockades in NE region. Even the projected production figures of crude oil show that the production in near future is going to decline. The Committee understand that the DGH foresees increase in hydrocarbon production mostly from the natural gas as development plans of regular and small fields have been finalised. Some production may also come from CBM gas. The Committee are of the view that a large part of the Country is still unexplored and adequate efforts should be made for exploration of all parts of the country and the way to increase the domestic production of crude oil and natural gas is to allocate sufficient funds for the purpose and ensuring that the funds are fruitfully spent. Similarly, the IOR/EOR technologies in order to get more production from the existing and ageing fields should also be a priority. In the year 2015-16, about 1.32 MMT of oil production was achieved through IOR/EOR technologies alone. The Committee recommend that the field development plans in respect of eastern-offshore fields should be closely monitored for production. The Committee recommend that state-of-the-art IOR/EOR technologies should be implemented in the oil fields from where production is stagnating or declining by making adequate allocation in the IEBR of the respective PSUs.

Reply of the Government

Close Monitoring of Field development plans of Eastern-offshore fields

The management Committee and Directorate General of Hydrocarbon are closely monitoring the progress of Field development plans. In addition, performance of Oil PSUs is being monitored on monthly basis by the Secretary(P&NG).

Financing of oil & gas Projects

The funding of oil & gas projects by Oil PSUs is being done though their own resources or borrowings. Government is not funding to Oil PSUs for the exploration and development projects.

Ministry of Petroleum & Natural Gas
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Comments of the Committee
(Please see para No. 16 of Chapter -I)

Recommendation No. 16

Allocation of Blocks under HELP

The Committee note that the Government has come out with a number of policy initiatives for exploration and production of crude oil and gas. Hydrocarbon Exploration and Licensing Policy (HELP) is the latest policy brought in by the Government. This policy provides for single license for conventional and non-conventional hydrocarbons, marketing and pricing freedom and allows 100% FDI among other things. The award of blocks under this policy will commence once the Draft Model Revenue Sharing contract and Notice Inviting Offer are finalized and approved and Open Acreage Licensing Policy (OALP) is operationalised. The Committee are unhappy that allocation of blocks under licensing regimes take a very long time and start of production from those blocks take even more time. For instance, HELP was announced more than one year ago and till now bidding under the policy is yet to take place as the required paperwork is not ready.

The Committee, therefore, recommend that Ministry should finalise the Revenue Sharing contract under HELP and also OALP without any further delay and announce launch for bidding and all the measures that are required to be taken for awarding of blocks should be kept ready.

Reply of the Government

Ministry has finalized the Model Revenue Sharing Contracts, Notice Inviting Offer and other documents under Hydrocarbon Exploration & Licensing Policy (HELP) and the HELP has been launched w.e.f. 1-7-2017. The Open Acreage Licensing Policy (OALP) has also been notified on 30-6-2017. Exploration blocks under HELP will be offered as per approved policy.

Ministry of Petroleum & Natural Gas
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Recommendation No. 17

Discovered Small Field Policy

The Committee note that Discovered Small Field Policy aims at monetizing 67 discovered small fields by ONGC and OIL in a time bound manner to boost domestic production of Oil and Gas. This policy offers improved fiscal terms viz., no oil cess applicable on crude oil production, moderate royalty rates, no upfront signature bonus, pricing and marketing freedom for oil and gas and no carried interest by NOCs. Under the policy, attractive incentives are provided to the start-ups also. The Committee also note that the Government has launched the Discovered Small Field (DSF) Bid Round- 2016 in May 2016 which was the first bidding round in six years. Under the DSF Bid round, 67 fields clubbed under 46 contract areas were put on offer which included areas located Onland, Shallow water offshore and in Deepwater Offshore. After examining the bids as per prescribed guidelines, the award of contracts in 31 contract areas has been approved by the Union Cabinet. The Committee understand that the awarded fields would result in adding 15000 Barrel of Oil Per Day (BOPD) and 2 MMSCMD of gas to the domestic production of oil and gas.

The Committee feel that early start of production is necessary from these fields because the domestic production of oil and gas are declining and production from all available sources is essential for meeting the Government"s vision of reducing import by 10% by 2022. The Committee, therefore, recommend that the awarded blocks should be brought under production through pro-active measures. Further, the Committee also recommend that the remaining contract areas should also be put under bid again in order to ensure that there is no inordinate delay in monetizing those fields.

Reply of the Government

Contracts under Discovered Small Field Policy Bid Round-2016 were signed on 27th March, 2017. Directorate General of Hydrocarbons is going to monitor the progress of these contracts and will provide all possible support to the operators for fast track monetization of the fields. As recommended, remaining fields of first round identified under Discovered Small Field Policy will be taken up for bidding in near future.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/19/2017-Fin.I dated 25th July, 2017

Recommendation No. 21

IEBR of the Oil PSUs

The Committee note that the actual IEBR expenditure of the oil PSUs in the year 2015-16 was Rs. 97223.32 crore. In the year 2016-17, the BE figures are Rs. 87214.56 crore and RE figure is Rs. 104673.56 crore. The BE for 2017-18 has been reduced to Rs. 86027.29 crore. The Committee are unhappy at such great variation in figures for BE, RE and Actual in the last two years as it shows poor planning on the part of PSUs. The Committee also note that the outlay for investment in public sector undertakings during 2017-18 has been reduced from BE 2016-17 (Rs. 60131.45 crore) and RE 2016-17 (Rs. 75731.59 crore) to Rs. 52749.14 crore. If sectoral allocations are analysed, it may be seen that there is substantial variation in allocations for „Refinery and Marketing‟ sector and „Petrochemicals‟ sector. In 2014-15, in „Refinery and Marketing‟ sector the „Actual‟ expenditure was almost 30% higher than the BE while in case of „Petrochemicals‟ sector the „Actual‟‟ expenditure was three times more than the BE amount. As regards allocation in 2016-17 in Exploration sector, the RE is Rs. 75731.59 crore which is almost 25% more than the BE amount. IN BE 2017-18, the allocation for Exploration is again reduced by more than 30% to Rs. 52749.14 crore. The reduction in allocation for exploration goes against the necessity of expanding exploration activities in newer areas in order to enhance domestic production. The Committee are concerned at such high mismatch of figures at BE and RE stage.

In case of IEBR of oil PSUs, the comparison of figures of BE, RE and Actuals also show substantial variation. In case of HPCL, the actual expenditure in Refining & Marketing Sector 2015-16 was Rs. 5896.90 crore but in BE 2016-17 it was reduced to Rs. 1907.24 crore. At the RE stage, however, the amount was increased again to Rs. 5642.52 crore. Rs. 7073.75 crore has been allocated for BE 2017-18. For BPCL, the actual expenditure in Refining & Marketing Sector in 2015-16 was Rs. 6933 crore. In BE 2016-17, it was increased to Rs. 9797 crore but at RE stage, it had to be reduced to Rs. 6832.80 crore. Rs. 5600.64 crore has been allocated in BE 2017-18. For upstream PSUs like OIL, the situation is same. For OIL, the allocation in Exploration & Production sector in the BE 2016-17 was Rs. 11381.89 crore while at RE stage it was enhanced by almost 50% to Rs. 17012.73 crore. In BE 2017-18, the amount has again been reduced to Rs. 9252.34 crore.

The Committee are concerned to find substantial variation in allocations and expenditure of the IEBR of the PSUs. The Committee feel that this reflects poor planning on the part of PSUs. The Committee, therefore recommend that the financial estimates of the oil PSUs should be prepared with adequate caution to avoid such substantial variations. The Committee also recommend that the activities proposed for a particular year in respect of the PSUs for which funds have been allocated should normally be undertaken.

Reply of the Government

IEBR of the Oil PSUs

(a) Reasons for variation in BE for 2017-18 as compared to actual expenditure in 2015-16, BE and RE for 2016-17.

During the financial year 2015-16 against BE of Rs.76565.46 crore of I&EBR, Rs.97223.32 crore was utilised for implementation of ongoing and new projects. During 2016-17, the actual funds utilised was Rs.104501.89 crore (provisional) against BE & RE of Rs.87214.56 crore and Rs.104673.56 crore respectively. BE for 2017-18 has been proposed at Rs.86027.29 crore. It may be mentioned that as per Budget Document 2017-18, Rs.700.00 crore proposed by BPCL for 2017-18 under Petrochemicals sector has not been printed in the document inadvertently. Therefore, total I&EBR for BPCL is presently shown as Rs.7100.64 crore as against the proposed figure of Rs.7800.64 and accordingly, total I&EBR shown (with missing entry) comes to Rs.86027.29 crore as against total proposed Rs. 86727.29 crore. CPSE-wise Internal and Extra Budgetary Resources (I&EBR)- Actuals for 2015-16, BE, RE and Actuals for 2016-17 and BE 2017-18 is given below:

(Rs. in crore)

CPSE	2015-16	2016-17			2017-18
	Actuals	BE	RE	Actual *	BE
ONGC	30110.43	29307.20	28881.68	28009.90	29967.82
OVL	6470.24	14843.00	19450.00	18360.31	7088.00
OIL	12262.89	11381.89	17012.73	10514.74	9252.34
GAIL	1880.00	1787.59	1843.00	1730.29	2053.00
IOCL	14368.58	13772.87	19676.86	20736.93	20161.79
HPCL	5917.74	1974.26	5650.00	5860.46	7110.00
BPCL **	8287.00	10597.00	8843.80	16807.48	7100.64
MRPL	15214.76	2270.75	600.00	614.38	1137.75
CPCL	1342.74	1073.00	1229.00	1293.21	845.00
NRL	1323.57	157.00	1435.49	500.84	1260.95
Balmer & Lawrie	45.37	50.00	51.00	73.35	50.00
Total	97223.32	87214.56	104673.56	104501.89	86027.29

* : Provisional

**: As per Budget Document 2017-18, Rs.700.00 crore proposed by BPCL for 2017-18 under Petrochemicals has not been printed in the document. Therefore, total I&EBR for BPCL is Rs.7100.64 crore against Rs.7800.64 crore and accordingly, total I&EBR comes to Rs.86027.29 crore against Rs..86727.29 crore.

CPSE-wise Reasons for variation are as follows:

ONGC

On overall basis, IEBR outlay (BE) for 2017-18 of Rs.29967.82 crore is lower by Rs.142 crore vis-à-vis actual expenditure of Rs.30110.43 crore for 2015-16. Expenditure towards core E&P activities viz. survey, exploratory and development drilling is proposed to increase mainly due to higher level of physical targets of these E&P activities. However, there is reduction under integration activities, wherein Rs.1874 crore was spent in 2015-16 as compared to a target of only Rs.13 crore in BE 2017-18, as the planned target of equity infusion /subscription of warrants in OpAL was met in 2015-16 itself and at present there are no major integration projects in the pipeline. BE 2017-18 is higher as compared to BE 2016-17 and RE 2016-17 by Rs.660.62 crore and Rs.1086.14 crore respectively.

OVL

OVL"s BE 2017-18 for exploration and development of existing projects, excluding new acquisitions, is Rs.7088 crore. Expenditure for acquisition of assets is not considered in BE 2017-18 due to uncertainty of finalization of such acquisition.

The approved BE 2016-17 and RE 2016-17 are Rs.14843 crore and Rs.19450 crore respectively. BE 2016-17 includes acquisition expenditure of Rs.7800 crore for 15% Vankorneft, Russia; and RE 2016-17 includes acquisition expenditure of Rs.12808 crore for 26% Vankorneft Russia. Therefore, BE 2016-17 and RE 2016-17 excluding new acquisition are Rs.7043 crore and Rs.6642 crore respectively.

OIL

IEBR outlay (RE) in 2016-17 of Rs.17012.73 crore includes projected investment of Rs.6606 crore for acquisition of stake in two Russian assets viz., LLC Taas-Yuryakh Neftegazodobycha (Tass Yuryakh) and JSCVankorneft (Vankorneft) from Rosneft Oil Company, which was not planned at BE 2016-17. BE 2017-18 of Rs.9252.34 crore is lower as compared to RE 2016-17 at Rs.17012.73 crore because OIL does not have any plan of acquisition during 2017-18.

GAIL

The actual expenditure in 2015-16 was Rs.1880 crore and total CAPEX planned in BE and RE 2016-17 was Rs.1787.59 crore and Rs.1843.00 crore respectively. As compared to that total CAPEX planned under BE 2017-18 has increased to Rs.2053 crore. This excludes the Rs.1200 crore which has been obtained as budgetary support (viable gap funding) for Jagdishpur-Haldia & Bokaro-Dhamra Pipeline (Phase-I) pipeline during 2017-18.

The increase of planned CAPEX in RE 2016-17 and in BE 2017-18 is mainly because of CAPEX planned for natural gas pipeline. On account of thrust of execution of various activities under Pradhan Mantri Urja Ganga Project, a Capex of Rs.1650 crore is expected to be spent in 2017-18 for the Jagdishpur Haldia-Bokaro-Dhamra pipeline project alone. An amount of Rs.1200 crore is budgeted from Government of India during 2017-18 as viability gap funding (VGF) for this project

IOCL

The actual expenditure in 2015-16 was Rs.14368.58 crore and total CAPEX planned in BE and RE in 2016-17 was Rs.13772.87 crore and Rs.19676.86 crore respectively.

BE 2017-18 with an outlay of Rs.20161.79 crore is higher than actual expenditure for 2015-16 due to reasons as under:

- Higher provision kept for pipeline projects (Rs.1890 crore against actual expenditure of Rs.1078 crore in 2015-16)
- Higher provision kept for marketing projects (Rs.5988 crore against actual expenditure of Rs.3512 crore in 2015-16)
- BE 2017-18 is higher than RE for 2016-17 due to provision for the projects of fuel upgradation, etc.

BPCL

BE 2017-18 of Rs.7100.64 crore is lower as compared to BE/RE in 2016-17 and actual expenditure in 2015-16 due to higher CAPEX for major refinery projects nearing completion / completed upto March 2017 viz. Conversion of CRU to ISOM at Mumbai Refinery (MR), IREP at Kochi Refinery & Installation of DHT at MR. Work on few marketing projects where all approvals have recently been obtained are having lower phasing during 2017-18 and this would pick up in future years for these projects. Provision was made during 2016-17 for Exploration & Production Activities through BPRL for investment to be made in Russian assets.

HPCL

Major projects, Vizag Refinery Modernization Project and Mumbai Refinery Expansion Project will contribute significantly in 2017-18, therefore, BE 2017-18 is higher at Rs.7110 crore as compared to actual of 2015-16 and BE & RE of 2016-17.

CPCL

The BE 2017-18 at Rs.845 crore is lower than actual expenditure in 2015-16, BE 2016-17 and RE 2016-17 primarily on account of major projects which are under execution during the year 2016-17 are nearing completion as detailed below:

- Crude Oil Pipeline: Budget increased in 2017-18. Overall progress of around 60% by 2016-17.
- Resid Upgradation: Overall progress of around 95% achieved in 2016-17 and DCU has achieved mechanical completion by Mar"17. Hence, less quantum of jobs left over for 2017-18.
- Mounded Bullets: Project completed and commissioned in 2016-17.
- BS-IV DHDS Revamp: Mechanical Completion by May"17. All major equipment have been installed by 2016-17.
- BS - VI Projects: Budget increased in 2017-18 for procurement of long lead items. Project completion by Sept"19.
- RLNG: Project under development of Basic Design & Engineering Package.

MRPL

The IEBR (BE) for financial year 2015-16 was Rs.2,143.87 crore which was subsequently reduced to Rs.1,862.19 crore at RE stage due to reduction in payments to be made for Phase-III expansion project and SPM project. Against this, the CAPEX expenditure in respect of Phase III Project, PPU and CCR Revamp totaling Rs.1502.03 crore was incurred as part of Refinery expansion project. In addition, a provisioning of Rs.13,712.73 crore was kept towards overdue payments of NIOC Iran, taking total actual IEBR to Rs.15,214.76 cror

The IEBR (BE) for financial year 2016-17 was Rs.2,270.75 crore which was subsequently reduced to Rs.600 crore as the projects envisaged at BE stage could not materialize and hence were not included in revised estimates. The actual expenditure during 2016-17 was Rs.614.38 crore.

NRL

Out of an IEBR of Rs.1260.95 crore during 2017-18, CAPEX is kept Rs.375.00 crore considering anticipated expenditure of Rs.250 crore against DHDT project, Rs.100 crore against additional facility schemes in refinery and marketing terminals. The BE 2017-18 is lower since approval for NRL‟s refinery expansion and finalisation of JV agreement for the Bio-refinery projects are yet to be obtained. For the above two projects and proposed Indo-Bangla pipeline project, a token amount of Rs.25 crore has been kept as „line entry‟ to meet emerging requirements during the year. During 2015-16 actual IEBR was Rs.1323.57 crore and during 2016-17 actual IEBR was Rs.500.84 crore. The main reasons for variation in BE 2017-18 vis-à-vis 2015-16 and 2016-17 due to absence of approved ongoing major projects other than the DHDT.

Balmer Lawrie & Company

There is not much variation in BE for 2017-18 as compared to actual in 2015-16 and BE &RE for 2016-17 as actual in 2015-16 was Rs.45.37 crore while BE and RE for 2016-17 was Rs.50.00 crore and Rs.51.00 crore respectively. BE for 2017-18 is Rs.50.00 crore

(b) Reasons for reduction of I&EBR for Exploration and Production activities in BE 2017-18 as compared to BE and RE for 2016-17

ONGC

IEBR for Exploration activities by ONGC in BE and RE 2016-17 was lower at Rs.9150 crore and Rs.8191 crore respectively compared to BE 2017-18 is Rs.9497 crore.

OVL

OVL‟s BE 2017-18 for exploration and development of existing projects, excluding new acquisitions, is Rs.7088 crore. Expenditure for acquisition of assets is not considered in BE 2017-18 due to uncertainty of finalization of such acquisition.

The approved BE 2016-17 and RE 2016-17 are Rs.14843 crore and Rs.19450 crore respectively. BE 2016-17 includes acquisition expenditure of Rs.7800 crore for 15% Vankorneft, Russia; and RE 2016-17 includes acquisition expenditure of Rs.12808 crore for 26% Vankorneft Russia. Therefore, BE 2016-17 and RE 2016-17 excluding new acquisition are Rs.7043 crore and Rs.6642 crore respectively.

OIL

RE 2016-17 includes projected investment of Rs.6606 crore for acquisition of stake in two Russian assets viz., LLC Taas-Yuryakh Neftegazodobycha (Tass Yuryakh) and JSCVankorneft (Vankorneft) from Rosneft Oil Company, which was not planned at BE 2016-17. BE 2017-18 is lower as compared to RE 2016-17 because OIL does not have any plan of acquisition during 2017-18.

GAIL

The I&EBR of GAIL for the Exploration and Production sector includes all segments other than Petrochemicals in which GAIL operates, i.e Pipelines, Business Development projects, Exploration and Production, Equity investment in JVs/ Subsidiaries etc. are clubbed under Exploration and Production sector. In case of GAIL (India) there has been no reduction of I&EBR in E&P sector in BE 2017-18 (Rs. 1952 crore) as compared to I&EBR of E&P sector in BE 2016-17 (Rs.1735 crore) and in RE 2016-17 (Rs.1508 crore). However, the Capex in the E&P activities has seen a gradual reduction at Rs.66 crore in BE 2017-18 from BE Rs. 78 crore and RE Rs.81 crore.

The Exploration budget for the exploration companies is based on the Minimum Work Programme committed in the Production Sharing Contract (PSC) and spread in the 3-4 financial years as per the timelines in the PSC. Most of the exploration activities for the E&P blocks awarded in NELP-IX (awarded in the year 2012), are already completed or are likely to be completed during FY 2017-18 except for one block in Assam.

Further, exploration activities in GAIL Operated block (awarded in NELP-VII bidding round) could not be carried out as Petroleum Exploration License was not extended after initial period of 4 years. The block was relinquished in June 2016 without drilling three exploratory wells.

IOCL

IOCL has reported that for E&P activities BE & RE during 2016-17 and BE for 2017-18 is Rs.1997.75 crore, Rs. 6860.79 crore and Rs.2953.00 crore respectively. The main reason for variations in BE 2017-18 is lower than RE 2016-17 primarily because a higher provision was kept in RE 2016-17 for payment towards acquisition of overseas E&P assets.

BPCL

BPCL has reported that for E&P activities BE & RE during 2016-17 and BE for 2017-18 is Rs.800 crore, Rs.2011 crore and Rs.1500 crore respectively. The main reason for a lower in BE 2017-18 as compared to RE 2016-17 is as follows:

RE 2016-17 was higher than BE 2017-18 as the Foreign Blocks exploration phase was over and now the blocks are progressing to appraisal / pre-development phase which require less CAPEX than the exploration phase. Also in 2016-17, BPRL in consortium with IOCL and OIL India was in discussion to acquire stake in two Russian entities.

HPCL

HPCL has non-operating minority Participating Interest (PI) in consortium with other oil CPSEs and E&P companies in 20 Exploration Blocks. BE 2016-17 was made based on the work programs received from the Operators and the expected expenditure proportionate to HPCL‟s PI. The RE 2016-17 was revised to Rs.7.48 crore from Rs.67.02 crore mainly because of lower expenditure in the following two exploration blocks:

- For Block MB-OSN-2010/2, Rs.30 crore was taken as the estimated expenditure while preparing the BE. However, based on the 3-D seismic interpretation, the Consortium decided not to go ahead with drilling of the well as the block was under high risk category and decided to relinquish this block.
- Block CY-DWN-2004/3 – Consortium decided to relinquish this block without drilling a well due to poor prospectivity and submitted a proposal to DGH for waiver of cost of unfinished committed work program. Provision for expenses amounting to Rs.34.27 crore towards the cost of unfinished committed work program was made in BE 2016-17, which as the issue is yet to be decided by DGH, has now been shifted to BE 2017-18.

In view of the above, BE 2017-18 has been kept at Rs.36.25 crore.

(c) Reasons for higher actual expenditure against BE during 2014-15 for Refinery and Marketing Sector

During the financial year 2014-15 under Refinery and Marketing sector BE was Rs.20054.60 crore from I&EBR. Against this actual expenditure was Rs.26303.44 crore. CPSE-wise reasons for variation are as follows:

IOCL

The actual expenditure during 2014-15 under the head „Refining and Marketing against BE 2014-15 (Rs.9724.80 crore) was Rs.11934.82 crore due to higher expenditure in Paradip Refinery Project and the assets acquired on financial lease at Paradip.

BPCL

The actual expenditure during 2014-15 under the head „Refining and Marketing against BE 2014-15 (Rs.4520.00 crore) was Rs.5480.20 crore due to higher expenditure on Integrated Refinery Expansion Programme (IREP) in Kochi Refinery.

HPCL

The actual expenditure during 2014-15 under the head „Refining and Marketing against BE 2014-15 (Rs.3730.00 crore) was Rs.2652.00 crore. The main reasons for lower expenditure are as follows:

Actual expenditure during 2014-15 is lower than BE/RE of 2014-15 mainly due to lower investment in Subsidiaries/Joint Venture projects, namely; (1) Rajasthan Refinery Project; (2) M/s Prize Petroleum (subsidiary); (3) Joint Venture project of LNG Terminal at Chhara, Gujarat; and (4) Joint Venture Project of Cross country Gas pipelines with GSPC/IOC/BPC and HPCL projects (A) Calico Land Tankages (B) HGU revamp (C) Mumbai Refinery Master Plan Project.

CPCL

The actual expenditure during 2014-15 under the head „Refining and Marketing against BE 2014-15 (Rs.1102.00 crore) was Rs.465.90 crore. The main reason for lower actual expenditure is delay in obtaining Environmental Clearance for Resid project.

MRPL

The IEBR at BE for 2014-15 for refining and marketing sector was Rs.800.15 crore which was enhanced to Rs.1,380 crore at RE stage keeping in view the accelerated process of finalising contract and making payments towards Phase III expansion projects. The actual expenditure was Rs.5,559.03 crore in 2014-15 including a carry forward of Rs 4389.07 crore.

NRL

In the year 2014-15, the IEBR (BE) was Rs.177.65 crore out of which total CAPEX utilised was Rs.102.77 crore and balance Rs.108.72 crore was carry forward for next financial year. The shortfall in actual expenditure was primarily due to less than anticipated expenditure against the Wax Project, primarily due to deferred commissioning of the project from first quarter to last quarter of the year.

(d) Reasons for three times actual expenditure against BE during 2014-15 for Petrochemical Sector

During the financial year 2014-15 under Petrochemical sector BE was Rs.3008.99 crore from I&EBR. Against this actual expenditure was Rs. 9129.71 crore. The reasons for variation are as follows:

IOCL

Against BE of Rs.886.20 crore, the actual expenditure was Rs.562.81 crore. There was shortfall in actual expenditure as Coke Gasification & Acetic Acid Project at Gujarat was dropped as the project was later found to be economically unviable.

MRPL

The IEBR at BE for 2014-15 for petro-chemical sector was Rs.500 crore which was retained at RE stage. The actual expenditure was Rs.7,494.97 crore in 2014-15 including a carry forward of Rs. 5917.57 crore.

(e) Clarification/justification on substantial variation in allocations and expenditure of the IEBR during 2014-15 and 2015-16

During the financial year 2014-15 against BE of Rs.80634.82 crore of Internal and Extra Budgetary Resources (I&EBR), Rs.89180.00 crore was utilised for implementation of ongoing and new projects. During 2015-16, the actual funds utilised was Rs.97223.32 crore against BE Rs.76565.46 crore. CPSE-wise Internal and Extra Budgetary Resources (I&EBR)- BE, RE and Actuals for 2014-15 and 2015-16 is given below:

Name of the CPSEs	2014-15			2015-16		
	BE	RE	Actuals	BE	RE	Actuals
ONGC	36059.07	34813.00	29997.46	36249.37	31467.45	30110.43
OVL	14792.00	12387.00	7171.55	10402.00	8488.00	6470.24
OIL	3632.00	3529.44	12481.07	3917.64	11304.68	12262.89
GAIL	3104.62	2131.52	1860.70	2704.51	1888.84	1880.00
IOCL	11375.00	9367.00	14313.68	10409.00	11502.91	14368.58
HPCL	3773.33	1801.64	2669.61	1791.85	1539.78	5917.74
BPCL	5250.00	5793.50	6874.75	6501.32	7250.00	8287.00
MRPL	1300.15	1880.00	13054.00	2143.87	1862.19	15214.76
CPCL	1102.00	617.00	465.90	2230.90	1250.00	1342.74
NRL	177.65	111.00	211.49	115.00	220.90	1323.57
Balmer & Lawrie	62.00	158.00	79.79	100.00	100.00	45.37
Biecco Lawrie Ltd.	7.00	0.00	0.00	0.00	0.00	0.00
Total	80634.82	72589.10	89180.00	76565.46	76874.75	97223.32

(Rs.crore)

CPSE-wise reasons for variation are as follows:

ONGC

2014-15

Exploratory Drilling: Against a BE target of 130 wells, 102 wells were completed during the year. Shortfall in drilling of 2 Deep-water, 1 Shallow water and 25 onshore wells was mainly attributable to rough weather conditions, non-availability of timely environmental clearances, unplanned repairs of rigs, naval exercise and prolonged testing of wells under drilling. Progress was also hampered due to non-availability of hired rigs as per plan because of delay in tenders etc. and also due to Bandhs/Barricades etc. at some of the units.

Development Drilling: Against BE target of 294 wells, 268 wells could be drilled during the year. This shortfall of drilling of 26 wells, particularly in offshore was mainly due to utilisation of available rig months towards work-over and side-tracking of wells, loss of available rig months on account of down hole complications, waiting on weather etc. Further, non-availability of chartered rigs has also impacted the rig month availability against the plan.

Capital: Underutilisation is mainly attributable to delay in execution of ongoing projects like Tapti Daman Block, C-Series Ph-III, Pipeline Replacement Project Ph-III, Sagar Samrat Conversion, Integrated Development of B-127 Cluster Fields, Ahmedabad-Mehsana and Ankleshwar Redevelopment projects etc.

R & D: No major variation in the expenditure under this head vis-à-vis approved BE targets.

Domestic JV: Excess utilization is due to additional development activities carried out by JV group.

Integration Project: Infusion of equity to ONGC Petro additions Limited (OPaL) and ONGC Tripura Power Company (OTPC) under the rights issue to the tune of Rs.750 crore and Rs.464 Crore respectively.

2015-16

Survey: Lower achievement of physical targets due to intense fishing activities, bankruptcy of the contractor(implication of about Rs.250 crore and about 3000 Standard Line Kilometer, (SLK) of 3D Survey), inability of contractor to provide Seismic Job Services (SJS) and Shot Hole Drilling (SHD) services, delay in award of work due to re-tender, insufficient competition etc.

Exploratory Drilling: Mainly due to non-availability of required rig months against chartered rigs, more than anticipated time taken in testing activities, non-availability of environmental clearances(ECs) and ready sites and one of the on-land rig being out of cycle due to damages in mast.

Development Drilling: Mainly attributable to delay in RFD (ready for drilling) of platforms in offshore, delay in mobilization of rigs, non-availability of sites in onshore.

Domestic JV: Variation due to delay in execution of projects by operators.

Integration Project: Investment in OPAL by way of subscription of convertible warrants.

OVL

BE, RE and actual expenditure by OVL during the years 2014-15 and 2015-16 is as under:

2014-15

The main reasons in variation in BE and actual expenditure during 2015-16 are; no new acquisitions materialized during the year, delay in FID in case of Mozambique asset resulting in deferment of development wells and facility CAPEX, general delay in activities in Carabobo, Venezuela asset due to cash flow and contractual challenges, etc. In case of Brazil assets there was savings of US$ 35 Million due to early completion of development wells and cancellation of water injection project for phase-3 development. GPOC, South Sudan, the project was under force majeure hence budget activities stood deferred. In case of Sakhaline-I Russia, there was deferment of one well and spillover of completion of some components of development of Arkutun-Dagi phase, etc.

2015-16

The main reasons in variation in BE and actual expenditure during 2015-16 are; no new acquisitions materialized in the year and funds earmarked could not be utilized. In case of Sakhalin-I asset, curtailment of JV Budget by the operator/partner for 2016 by about $1 billion (OVL share about Rs.1300 crore) due to slump in crude prices and corresponding cash flows and all non-essential sub-projects (in Odoptu Stage-2 etc.) was shelved and LNG project (in Chayvo-2) was deferred, there was change in work program in MECL,OAAL, Colombia-Development wells reduced from 82 in BE to 70 in RE resulting in outlay reduction, in block RC9, Colombia, one planned exploration well was deferred, etc.

OIL

OIL India has reported that the main reason for variation is that OIL has carried forward IEBR during 2014-15 to the extent of Rs.8707crore and Rs.8640 crore during 2015-16 to next year.

GAIL

2014-15:

- Hindrance due to ROU problems especially in Tamilnadu and Kerala mainly in Kochi-Koottanad-Bengaluru-Mangalore Phase-II. Further progress in replacement of pipelines in KG Basin had also been affected due to ROU ;
- Statutory permissions and contractual issues esp. in VKPL Spurlines ;
- Consumer tie-up was awaited for some pipelines esp. BNPL Spur lines (Uttaranchal)
- Non approval of Phenol Acetone Project by the Board thereby leading to Capex shortfall
- Time lag in payment vis-à-vis actual progress in Petrochemical expansion project and slow progress of some of the contractors due to financial constraints.

- Lack of M&A opportunities to invest in
- Less cash call received from operators for E&P resulting in lower Capex for E&P activities

2015-16

- Delay in RoU acquisition led to delay in line pipe procurement of Gujarat region pipelines and also resulted in deferment of laying
- Hindrance due to ROU problems especially in Tamil Nadu and Kerala mainly in Kochi-Koottanad-Bengaluru-Mangalore Phase-II
- Due to delay in obtaining confirmations from DoF / FCIL, award of Laying Works Package was delayed for JHPL. Further, non-deployment of Competent Authority and Revenue Manpower by Bihar State Government, RoU acquisition also got delayed for this pipeline.

- Difficult site working condition and meager construction time window delaying jobs in KG basin.
- Delay in award of tender due to abnormal variation in quoted rates in replacement of pipelines for Cauvery Basin
- Higher budgeted amount was kept for non-plan CAPEX at plant and site level but due to revision of work plan, there was a shortfall of non-plan CAPEX about Rs.700.00 crore.
- The PBR project for rubber in JV model was on hold in view of uncertainty in the availability of feed stock from M/s OPaL
- Delay in FSRU project at Kakinada
- No M&A opportunity could materialize during the period
- In E&P segment sufficient cash calls from operators were not received as envisaged during target formulation

IOCL
2014-15

Actual Expenditure was higher than BE primarily due to acquisition of 10% participating interest in Pacific Northwest LNG Project, Canada.

2015-16

Actual Expenditure was higher than BE primarily due to Payment towards overseas E&P assets

BPCL

2014-15

During 2014-15, total actual expenditure was Rs.6874.75 crore against BE of Rs.5250.00 crore. The higher expenditure was due to speed up in commissioning of IREP Project in Kochi Refinery.

2015-16

During 2015-16, total actual expenditure was Rs.8287.00 crore against BE of Rs.6501.32 crore, due to higher allocation for new products pipeline & associated infrastructure.

HPCL

2014-15

Actual expenditure during 2014-15 was lower than BE/RE 2014-15 mainly owing to lower investment in Subsidiaries/Joint Venture projects, namely (1) Rajasthan Refinery Project; (2) M/s Prize Petroleum (subsidiary); (3) Joint Venture project of LNG Terminal at Chhara, Gujarat; and (4) Joint Venture Project of Cross country Gas pipelines with GSPC/IOC/BPC and HPCL projects (A) Calico Land Tankages (B) HGU revamp (C) Mumbai Refinery Master Plan Project.

2015-16

- Expenditure on turnaround cost & procurement of catalysts at Mumbai and Visakh Refineries was capitalized as per requirements relating to componentisation covered in notes to Schedule II to the Companies Act, 2013 was not envisaged in BE/RE.
- An amount capitalized towards proportionate share of 0.30 MMT in a Cavern constructed by a special purpose vehicle company named Indian Strategic Petroleum Reserves Limited (ISPRL) was not envisaged in BE/RE.
- Higher Cylinder, Valve, Regulator (CVR) expenditure due to higher procurement on account of large number of new LPG connection releases.

CPCL

2014-15

- Plan RE and actual expenditure for the year 2014-15 are lower as compared to BE 2014-15 and the variation is attributed mainly due to delay in obtaining Environmental Clearance for Resid project.
- Necessity for revalidating the Engineering details finalized during DFR period for OHCU Revamp & Resid Project due to delay in obtaining EC by more than two years, which resulted in lower expenditure during the year.
- Many of the contractors did not utilise the mobilization advance (with interest) and the budgeted amount towards this component could therefore not be spent.

2015-16

- Plan RE and actual expenditure for the year 2015-16 are marginally lower as compared to BE 2015-16 and the variation is attributed to the following reasons:

- Lower CAPEX due to unprecedented floods in Dec"15 resulting in de-mobilization of labour and slow project progress for about 4 months.
- The actual expenditure for New Crude Oil Pipeline Project is lower as compared to target due to delay in obtaining clearance from NHAI & PWD and poor response to purchase & works tender.
- Savings in project cost of "Mounded Bullets" project.
- Capital Expenditure during 2015-16 has been highest ever of the Company.

MRPL

The substantial variations in IEBR allocation and expenditure during 2014-15 and 2015-16 is due to inclusion of the carry forward of cash and bank balances and overdue payments on account of crude oil imports by MRPL owed to the National Iranian Oil Company (NIOC) as a part of expenditure at the time of furnishing actual figures.

NRL

2014-15

Variation in actual expenditure vis-à-vis BE during 2014-15 was mainly due to less than anticipated expenditure against the Wax project. For the Wax project, BE was provided at Rs.154.65 crore, against which actual expenditure was Rs.89.57 crore primarily due to deferred commissioning of the project from first quarter to last quarter of the year.

2015-16

Actual expenditure was lower mainly due to lower expenditure against „Line Entry" schemes. Against refinery expansion and crude pipeline projects, an amount of Rs.20 crore was kept in BE and RE as „line entry" to meet pre-project expenditure in anticipation of obtaining necessary investment approval and commencement of the project. However, expenditure during the year was only Rs.1.94 crore. Besides, expenditure against other „line entry" schemes, viz. Bio-refinery and MS revamp was only Rs.0.25 crore against BE of Rs.20 crore and RE of Rs.10 crore.

(f) The Committee recommended that the financial estimates should be prepared with adequate caution to avoid such substantial variation. And also recommended that the activities proposed for a particular year for which funds have been allocated should normally be undertaken

CPSEs have been reported that while estimating the budgeted expenditure for a given financial year, the status of the project, upstream and downstream linkages, the macroeconomic dynamics in which the project operates and the resources available for the project are some of the major factors considered. Every possible action is taken to ensure that the expenditure targets are met; however, in several cases of investment opportunities, such as exploration and production related schemes, it is very difficult to envisage them, as they involve multiple parties and are significantly affected by the global developments related to oil & gas industry and economic activities across the world. The recommendation of the Committee has been noted for compliance and all efforts would be made by the

CPSEs to ensure that the activities that are proposed in a particular year for which funds have been allocated are undertaken.

(g) In case of HPCL, the actual expenditure in Refining & Marketing Sector for 2015-16 was Rs.5896.90 crore, but in BE 2016-17 it was reduced to Rs.1907.24 crore. At RE stage, however, the amount was increased again to Rs.5642.52 crore. Rs.7073.75 crore has been allocated to BE 2017-18.

HPCL:

HPCL‟s actual expenditure for the year 2015-16, BE/RE for the year 2016-17 (Plan & Non-Plan) & BE 2017-18 for Plan & Non – Plan are as follows:

(Rs. in crore)

Sector	2015-16	2016-17		2017-18
	Actual	BE	RE	BE
Plan				
E&P	20.84	67.02	7.48	36.25
Refinery & Marketing	1407.02	1907.24	1,204.75	7,073.75
Subtotal (Plan)	1427.86	1974.26	1212.23	7110.00 *
Non Plan				
E&P	-	-	-	-
Refinery & Marketing	4,489.88	4,888.00	4,437.77	-
Subtotal (Non Plan)	4,489.88	4,888.00	4,437.77	-
Plan + Non Plan				
E&P	20.84	67.02	7.48	36.25
Refinery & Marketing	5896.90	6795.24	5642.52	7073.75
Total (Plan + Non Plan)	5917.74	6862.26	5650.00	7110.00 *

* Total outlay, with the distinction between plan and non-plan having been dispensed with.

With removal of distinction of Plan & Non-Plan expenditure effective 2017-18, HPCL had provided expenditure data for Plan & Non-Plan for the year 2015-16 and 2016-17 as required so as to provide a comparison with BE 2017-18. It appears that while reporting BE 2016-17 to the Committee, inadvertently only Plan BE 2016-17 of Refinery & Marketing Sector has been reported (Rs.1907.24 crore) whereas comparable figure is Rs.6795.24 crore.

(h) For BPCL, the actual expenditure in Refinery & Marketing sector in 2015-16 was Rs.6933 crore. In BE 2016-17, it was increased to Rs.9797 crore but at RE stage, it had to be reduced to Rs.6832.80 crore. Rs.5600.64 crore has been allocated in BE 2017-18.

BPCL:

During 2016-17, RE was lower under Refining sector as excess Rs.748 crore was incurred during 2015-16 for IREP for speeding up commissioning of the Project. Due to revision in scope of refinery project viz. Diesel Hydro Treatment (DHT) at Mumbai refinery, project cost was revised from Rs.2443 crore to Rs.1714 crore. Therefore, RE was lower than BE 2016-17. During 2017-18, lower allocation under refinery sector as major projects viz. IREP, ISOM & DHT are completed / nearing completion. Work on few marketing projects where all approvals have recently been obtained are having lower phasing during 2017-18 as phasing will pick up in future years for these projects.

(i) For OIL, the allocation in Exploration & Production sector in the BE 2016-17 was Rs.11381.89 crore while at RE stage it was enhanced by almost 50% to Rs.17012.73 crore. In BE 2017-18, the amount has been reduced to Rs.9252.34 crore. Clarification may be provided.

Oil India Limited (OIL) has stated that RE 2016-17 was increased to Rs.17012.73 crore from BE 2016-17 of Rs.11381.89 crore considering the proposed investment of about Rs.6600.00 crore in the acquisition of stake in two Russian Assets viz. LLs Yuryakh and Vankorneft from Rosneft Oil Company, the National Oil Company of Russia. Total investment made by OIL till date in the above mentioned Russian acquisition towards initial acquisition cost and subsequent investments is Rs.6672.40 crore. No such investments have been planned in BE 2017-18 and accordingly, the same is much lower than RE 2016-17. I&EBR for 2017-18 stands at Rs.9252.34 crore out of which CAPEX is Rs.4289.56 crore.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/19/2017-Fin.I dated 25th July, 2017

Recommendation No. 22

International Cooperation in Petroleum Sector

The Committee note that India, being one of the fastest growing economies of the world, will require assured supply of hydrocarbons in future to sustain its growth. It has only 0.3% of world‟s proven oil reserves but accounts for 4.5% of global oil consumption. Similarly it has 0.8% of natural gas reserves but accounts for 1.5% of global gas consumption. The Committee further note that the high dependence on imported oil and gas affects energy security and overall financial health. To meet these challenges, the Government needs to have robust oil diplomacy and a global vision. The Committee also understand that the Government is actively engaged in bilateral and multilateral cooperation in hydrocarbon sector with foreign countries. The Committee understand that the Oil PSUs are being encouraged to aggressively pursue opportunities to acquire hydrocarbon assets overseas. The Committee are happy to note that Indian PSUs have acquired 29.9 per cent stake in Tass-yurakh and 49.9 per cent stake in Vankorneft oil fields of Russia at an investment of US$5.46 billion which will translate in to equity oil of 15.18 MMTOE. The committee also feel that Government should also engage with countries for long term supply agreements for natural gas and crude oil. The hosting of events like PETROTECH, International Oil & Gas Conferences and Exhibition enables national and international experts in the oil & gas industry to exchange views and share knowledge, expertise and experiences. The Committee appreciate growing engagements with African, South-east Asian and Latin American countries in Hydrocarbon sector. The Committee recommend that the bilateral and multilateral engagements with hydrocarbon rich countries be intensified and Ministry should institute a robust mechanism to regularly follow up on agreements and MoUs signed and further build the momentum.

Reply of the Government

In order to ensure the energy security of our country, Indian oil & gas PSUs are importing oil and gas on long / medium / medium / spot basis from global markets.

Majority of Crude oil is imported by OMCs through term contracts and balance through spot tenders. Further, major part of term contracts are finalized with NOCs of countries having exportable crude oil. The balance requirement is sourced through spot procurement from parties registered with OMCs.

For importing natural gas, our oil & gas PSUs have executed Sales and Purchase Agreements (SPAs) to source LNG on long / medium term basis from various countries.

Further, in order to supplement domestic availability of crude oil and natural gas, MoPNG has been encouraging PSUs to acquire oil & gas assets abroad. Our oil and gas companies are present in 25 countries with investments of US$ 32.89 billion. During the year, the estimated share of equity oil and gas for Indian PSUs from these was approx. 25.18 MMTOE.

MoPNG has noted the recommendation of the Standing Committee. MoPNG has been focusing to intensify our bilateral and multilateral engagements with hydocarbon rich countries.

Based on the specific business requirements, oil & gas PSUs enter into agreements (MoUs, other commercial / definitive agreement) with their foreign counterparts under intimation to MoPNG. Based on agreed interests MoPNG also enter into MoUs with partner countries for mutual benefit. The MoUs are renewed on a regular basis.

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Recommendation No. 23

Make in India Initiative in Petroleum Sector

The Committee note that the "Make in India" initiative was launched by the Prime Minister in September 2014 for facilitating investment, fostering innovation, enhancing skill development, protecting intellectual property and building best-inclass manufacturing infrastructure in India. The Committee also note that the MoPNG has constituted a Steering Committee to roll out the „Make in India" campaign in the oil and gas industry. The steering Committee consists of the representatives of the Ministry and the Oil PSUs. It has the mandate to devise a strategy and develop a roadmap for successful implementation of the „Make in India" campaign in the oil and gas industry. Sub-Groups have been set up for Upstream, Midstream and Downstream sectors. The „Make in India" endeavor in Oil & Gas sector aims to leverage the Increase in demand from increase in investment for indigenization. The Committee understand that studies for setting up dedicated manufacturing zones/ clusters catering to Oil Field Services will be undertaken under the initiative. Further, upstream, midstream and downstream oil companies have formed Indigenous Development Group (INDEG) to promote indigenization and are working towards import substitution. Oil and Gas PSUs have also signed MoUs with Global Players with the aim of enhancing production and progressive import substitution. The Committee feel that in midstream operations, India has a robust infrastructure in place that can make it a regional refinery hub as import content in refinery equipment and technology has come down considerably. Similarly, the expertise of our companies has been proved in high-end technologies such as construction of strategic oil caverns. In this context, the Committee feel that the 'Make in India' initiative is a great opportunity to not only achieve 100% indigenous content in all sectors of hydrocarbon in the Country but also to export technology as well as products from India. The Committee, therefore, recommend that the Government should provide special incentives to the mid-stream operations to help the Country develop as a refinery hub. The Committee also recommend that special measures should be taken to increase indigenous content in the upstream operations such as manufacturing of rigs and other drilling equipments.

Reply of the Government

In order to incentivise investment in refineries, a committee of Directors of Refineries of PSU"s and Centre for High Technology (CHT) was constituted under the Chairmanship of Director (Refinery), IOCL. The Committee submitted its report to MoPNG and report is under examination in light of GST proposed to be implemented throughout the country w.e.f. 01.07.2017.

Further, in order to enhance the refining capacity in the country the Government has accorded its approval on 20.9.2013 to Hindustan Petroleum Corporation Ltd (HPCL) to set up 9 MMTPA Refinery-cum-Petrochemical Complex in Barmer District of Rajasthan in collaboration with Government of Rajasthan (GoR). However, HPCL and Government of Rajasthan have signed a revised memorandum of understanding (MOU) for HPCL"s proposed 9 million metric tonnes per annum (MMTPA) grass root refinery on 18.04.2017.

HPCL along with GAIL is currently exploring the possibility to set-up a Greenfield Standalone Petrochemical Complex in Andhra Pradesh. MoU has been signed between GoAP, GAIL & HPCL on Jan 27, 2017 at Vishakhapatnam to facilitate investments for the petrochemical complex at Kakinada.

Oil PSUs namely, Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) have proposed to jointly set up in phased manner an integrated refinery-cum-petrochemical complex with a refining capacity of 60 MMTPA in Maharashtra.

The Union Cabinet has recently approved the Policy to provide Purchase Preference (linked with Local Content (PP-LC)) in all Public Sector Undertakings under Ministry of Petroleum & Natural Gas. Under the Policy, the targets of Local Content (LC) in the oil and gas business activities have been set. The manufacturers/ service providers having the capability of meeting/ exceeding the local content targets (i.e. LC manufacturers/ LC service providers respectively) shall be eligible for 10% purchase preference. This will help in incentivising increase in indigenous content in upstream operations also.

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Recommendation No. 24

Skill Development in Petroleum Sector

The Committee note that the Skill India initiative was launched by the Government in July, 2015 with the aim of developing convergence across sectors and states in terms of skill training activities. The Committee also note that the Hydrocarbon Sector Skill Council (HSSC) has been set up in April 2016 which prepares training for certification based skill development programmes. The Committee further note that an MoU for collaboration in skill development was signed between the MoPNG and the Ministry of Skill Development & Entrepreneurship in November 2016 which establishes a broad framework of collaboration for providing appropriate skill development framework for supply of skilled manpower through vocational and technical training, skill up-gradation, building of new skills, mapping of existing skills and their certification. The Committee appreciate that under the Skill Development Initiative, Oil PSUs are in the process of setting up 7 Skill Development Institutes (SDIs) in the country. The SDIs in Bhubaneshwar, Visakhapatnam, Nagaram (AP) and Kochi have become operational while those at Ahmedabad, Guwahati and Rae Bareli are being established. Though there is no separate allocation of funds for the skill development initiatives, they are being funded through HSSC corpus, which is funded by the Oil and Gas companies both Public and Private sector. The Committee are happy that Oil PSUs are contributing in establishing linkages between community and industry through vocational training and skill upgradation. This will help them get supply of skilled manpower in the long run. The Committee recommend that SDIs should be established in all parts of the Country including in remote and hill areas so that appropriate benefit of the industry may pass on to the local community in terms of skill development.

Reply of the Government

Hydrocarbon Sector Skill Council (HSSC) was set up in April 2016 for certification based skill development programmes in oil and gas sector. HSSC has been mandated to carry out specific labour market and related skill-gap study to ensure proximity to both the supply and demand elements of manpower required by the sector, to develop occupational standards, curriculum and assessment framework for each sub sector, and other related functions like Training of Trainers, Training Provider Accreditation, oversee Learner Certification in addition to interaction with industry and existing/potential workforce.the HSSC is tasked to analyse skill gap and ensure training at identified locations with the help of accredited training providers.

Four SDIs at Nagaram, Vizag, Bhubaneswar and Kochi have been established till now by oil and gas PSUs. Three more SDIs are planned at Ahmedabad, Guwahati and Raebareli. Apart from these SDIs, Oil and Gas PSUs, under their CSR initiative have set up training centres at many parts of the country.

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CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE GOVERNMENT DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation No. 7

Levy of Cess on Crude Oil

The Committee note that prior to 2016, the OID cess levied on domestically produced crude oil under Oil Industry (Development) Act, 1974 was being charged at the rate of Rs. 4500/MT. However, as the then prevailing low international crude prices (around US$30/barrel) had made the fixed cess rate of Rs. 4500/MT unsustainable for the oil producing companies, the OID cess was changed to 20% ad-valorem w.e.f. 1.3.2016. The Committee also note that the international crude oil prices have now started increasing and it has adversely affected the financial health of the domestic oil producing companies. At the prevailing international crude price of US$ 55/barrel and at the exchange rate of 1US$ = Rs. 66, the burden on account of cess comes to Rs. 5322 per ton which is Rs. 822/ton more than the earlier rate of Rs. 4500/ton. Therefore, the existing burden of cess is seriously hurting the margins of the domestic oil producing companies. The increasing trend of international crude oil prices may result in even more burden on upstream oil companies. It is in this context that the Ministry of Finance was approached by the Upstream Oil Companies including ONGC through the Ministry of Petroleum and Natural Gas to review and reduce the rate of OID Cess to 8% to 10% ad-valorem. The Committee understand that if the OID Cess is reduced to 10% ad-valorem, the burden per metric ton will be about Rs. 2661 per ton which is sustainable for the oil producing companies. The Ministry of Finance are of the view that the rate of OID cess may not be changed at this stage as there is still room to bear the cess by upstream oil companies and any reduction in cess may also impact revenue collection of the Government. The Committee feel that in view of stable or even declining domestic production of crude oil as also to fulfill the vision of the Hon"ble Prime Minister for reducing imports by 10% in the next five years, all possible incentives need to be given to the domestic oil producing companies. Therefore, keeping in view the severity of the situation for the finances of the upstream oil companies and also in the interest of domestic crude oil production, the Committee recommend that the MoPNG may continue to pursue the matter with the Ministry of Finance regarding ad-valorem rate of cess on crude oil through appropriate channels regularly considering fluctuation of the international crude oil prices and exchange value of rupee. The Committee desire that Ministry should share with it the details regarding the total amount collected as OIDB cess and the amount utilised for the development of petroleum sector in the last three years. The Committee would further desire that the Government should ensure that the total OIDB cess collected should be utilized specifically for the purpose for which it is actually collected.

Reply of the Government

Cess on crude oil is levied and collected by Ministry of Finance, Government of India. IDB has not received any apportionment for the cess collected by the

Government since 1992-93. However, based on the information received from ONGC, OIL and DGH, the amount of cess collected during the last three years is as under:

Financial Year	Collection of Cess on crude oil by the Govt.
2014-15	14677.24
2015-16	14468.94
2016-17	12778.20
Total	**41924.38**

Ad-valorem Rate of Cess

OID cess levied on domestically produced crude oil under Oil Industry (Development) Act, 1974 was changed from Rs. 4500/tonne to 20% ad-valorem w.e.f. 1.3.2016 through Finance Bill 2016. When the price of crude oil crosses US$ 46.5/barrel, the proposed rate of 20% will negatively impact oil companies as compared to earlier rates.

To incentivize production from ageing fields, this Ministry has proposed to make the cess 10-12% vide D.O. letter G-38011/3/2012-Fin.II/ONG-III/218 dated 5.8.2016 and has taken up with Ministry of Finance. However, Budget 2017-18 was silent on this issue. MOPNG has again requested to Ministry of Finance to review the matter and make cess 10-12% vide D.O. letter O-38011/3/2012-Fin.II/ONG-III dated 6.2.2017.

Further in its meeting held on 21-9-2016, CCEA approved for providing 40% Capital Grant i.e. Rs.5,176 crore of the estimated capital cost of Rs.12,940 crore (including inflation and interest during construction) by GoI to GAIL (India) Limited for execution of Phulpur-Dharma-Haldia Pipeline Project(PDHPL). For ensuring smooth flow of resources, year-wise budget provision for Capital Grant to GAIL for PDHPL project shall be as under;

(in crore)

Year	2016-17	2017-18	2018-19	2019-20	Total
Capital Grant by GoI (Amount in Rs. Crore)	900	1200	1500	1576	5176

As per the CCEA approval, the Capital Grant amount, in absolute terms, would be restricted to the original cost estimate recommended above, and will be met through the Cess collections under the Oil Industry Development Act, 1974.

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Recommendation No. 25

Trans-national Pipelines

The Committee note that Currently India is the third largest energy consuming country in the world and total consumption of petroleum products is likely to increase by about 60% to 368 MMT by 2024-25. The current consumption level of petroleum products is 226 MMT. India being an energy importing country, about 80% of our requirements of crude oil and a little less than 50% in case of natural gas are being bought from other countries. Notwithstanding the Government‟s vision of reducing imports by 10% by the year 2022, in the foreseeable future, India is likely to continue being heavily reliant on imports of crude oil and natural gas. Moreover, India has had strong bilateral relations with the Central Asian republics which have huge surplus natural gas reserves. They may be a reliable source for meeting our long term energy needs and strengthen our energy security. The Committee understand that currently two trans-national pipelines are under consideration. The Pipeline Consortium for Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, TAPI Pipeline Company Limited (TPCL) was incorporated in Isle of Man, a British Crown dependency and the Share Holders Agreement of TPCL has been signed in December 2015. The shareholding percentage in the TPCL would be Turkmenistan 85%, India 5%, Pakistan 5% and Afghanistan 5%. The construction of pipeline has commenced in December 2015 and is likely to be completed in about 7 years. The second pipeline known as IPI Pipeline (Iran-Pakistan-India) was envisaged to transport natural gas from South Pars gas fields of Iran to Pakistan and India with a carrying capacity of 60 MMSCMD of natural gas, to be equally supplied to India and Pakistan. However, there has been little or no progress in the project since 2008 for a number of reasons. The Committee feel that trans-national pipelines are important elements of national energy security and they need to be pursued vigorously. The Committee, therefore, recommend that the TAPI project needs to be monitored closely in collaboration with other participating countries in order to ensure that the project is completed in time. As for IPI pipeline project, the Government should examine the idea of reviving the project as international conditions have become favourable following lifting of sanctions against Iran.

Reply of the Government

Turkmenistan – Afghanistan – Pakistan-India (TAPI) Pipeline Project

MoPNG has noted the recommendations of the Standing Committee regarding TAPI and IPI Trans-national Pipeline projects. The TAPI pipeline is being pursued by Government of India with other participating countries. For timely completion of the TAPI project, the pipeline consortium TAPI Pipeline Company Limited (TPCL) has engaged M/s ILF Beratende Ingenieure GmbH (German name for ILF Consulting Engineers) for providing Project Management and FEED Consultancy Services for the Afghanistan – Pakistan section of the Pipeline. The inaugural ceremony for the Afghanistan portion was held in Kabul on 21st February, 2017. The FEED Contract inauguration in Pakistan portion of the pipeline was held on 03rd March, 2017. ILF would assist TPCL in carrying out various pre-

FID activities such as Mine Clearance in Afghanistan, Detailed Route Survey, Front End Engineering Design, Environmental and Social Impact Assessment etc.

Further, TPCL is also in the process of appointing ADB as the Financial Advisor of the Project to carry out detailed Financial Due Diligence and achieve Financial Closure.

Iran – Pakistan – India (IPI) Pipeline Project

The last IPI meeting was held in 2008. India has been involved in discussions on the India-Pakistan-Iran (IPI) pipeline project as a part of the Joint Working Group on Oil, Gas and Petrochemicals with Iran. However, no pact has been signed in this regard. In the light of the US / UN sanctions on Iran earlier, the IPI Project didn"t make much of progress.

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CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation No. 5

Rajiv Gandhi Institute of Petroleum Technology (RGIPT) and Centres of Excellence

The Committee note that the construction of permanent campus of RGIPT at Jais, district Amethi, Uttar Pradesh is almost complete and has already been inaugurated in October, 2016. The Institute has started functioning from the new premises. The Committee also, however, note that progress of the RGIPT campus in Sibsagar, Assam is highly unsatisfactory. Ever since the foundation stone was laid in February, 2011, the project has got delayed due to a number of reasons including change of contractors, land preparation for construction, etc. The Assam centre of RGIPT is expected to operate from its temporary campus from the academic session 2017-18. A four member committee has now been constituted by MoPNG to submit the report on funding pattern for the institution, whether to be given from Oil PSU‟s/OIDB or GBS and also to examine if the grant of autonomous status is required for the Institute.

The Committee also note that in 2017-18, the Government has announced the establishment of two Centres of excellence in Petroleum Sector in Karnataka and Assam. The mandate of Karnataka Centre is to create an Energy Institute on the lines of World‟s leading energy institutes for undertaking contemporary research duly involving other Ministries and key stakeholders. The estimated expenditure under capital head for Bengaluru centre is Rs 358 cr. The mandate of RGIPT Centre at 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 exploration plans. The Assam Centre will be established at an estimated expenditure of Rs. 235 crore. RGIPT has been asked to prepare a fresh DPR in light of the mandate for Assam centre.

The Committee recommend that the remaining work in Jais, Uttar Pradesh be completed as soon as possible and the all the issues connected to RGIPT in Assam be resolved in a time bound manner including the funding pattern andgrant of autonomous status to the Institute. The Committee further recommend that the DPRs for Centres of Excellence in Assam and Karnataka should be prepared and submitted within three months so that the centres may be established at the earliest.

In this regard, the Ministry has submitted the following reply:

In so far as Jais campus is concerned, an amount of Rs.100.00 crore (including Rs.47.00 crore at the BE stage 2016-17) has been released to RGIPT during the financial year 2016-17. The remaining funds of Rs.135.10 crore has been allocated under BE 2017-18. The remaining construction as well pending payment to contractor will be done once the funds are made available.

As far as Assam Centre of RGIPT at Sivasagar is concerned, fresh DPR is being prepared to expand the scope of functioning of the Centre which is to offer skill-oriented courses in addition to diploma / degree courses to the students as mandated in earlier DPR. A four-member committee has been constituted to look into funding pattern for setting up of Assam Centre whether to be set up with funding from GBS or with funds from Oil Companies / OIDB. The report of the committee is awaited. It is proposed to start the academic session 2017-18 from the temporary campus available at Sivasagar College of Commerce.

As far as Bangalore Centre is concerned, there was a proposal for setting up of Fire Safety Engineering and Research Centre of RGIPT at Bangalore. For this institute, Government of Karnataka has provided 150 acres of land free of cost at Kambalipura Industrial Area, Hoskote Taluk, Bangalore Rural District, Karnataka. The land is yet to be handed over to RGIPT. The foundation stone for Bangalore Centre of RGIPT was laid by the Former Petroleum Minister on 5.3.2014. In a meeting held on 27.10.2016, it has been decided that this institute will be established as Energy Institute – Centre of Excellence on the line of World Energy Institutes for undertaking contemporary research duly involving other Ministries and private sector companies. A four member committee has been constituted for preparation of a Roadmap covering the vision, objectives, processes, space requirement etc. with the structure for the institute, funding pattern and budget requirement for setting up of the Institute.

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Comments of the Committee
(Please see para No. 10 of Chapter -I)

Recommendation No. 18

Ethanol Blended Petrol

The Committee note that Ethanol Blended Programme was launched in the year 2003 with an objective of blending ethanol with petrol. Currently the programme is being implemented in 21 States and 4 UTs with a target of achieving 5% blending and progressively increasing to 10% blending. As per projections, the requirement for ethanol to achieve 10% blending is 280 crore litres. The Committee note that in the year 2015-16 (from 1 December 2015 to 30th November 2016), a total of 111 crore litre ethanol was procured by the OMCs which is about 40% of the requisite quantity and will be sufficient for blending of only 3.5%. The blending percentage needs to be increased to fulfill the Government‟s target and also as a component of import reduction. The low procurement has been attributed to lower cane production due to drought in Maharashtra and Karnataka and also due to demands from potable and chemicals sector. As the domestic sourcing of ethanol is continuously failing to achieve the target, there is a need to look at other alternatives. The Committee note that since 10.12.2014, Government has allowed procurement of ethanol produced from other non-food feedstocks besides molasses like cellulosic and lingo-cellulosic materials including from petrochemicals route. The Committee further note that twelve 2G ethanol bio-refineries in 11 States are being established. The Committee appreciate that such steps are required in view of consistent under-supply of domestic ethanol from traditional sources. To achieve the target of 5% blending during the year 2017-18 itself and 10% blending by 2020, permission for imports of ethanol, if possible, may also be given. The Committee recommend that the proposed 2G ethanol bio-refineries should be completed by the OMCs on priority basis without any time and cost overrun.

Reply of the Government

As regards import of ethanol for EBP Programme, the Government on 3.7.2013 inter-alia decided that ethanol be procured only from domestic sources.

As regards 2G ethanol bio-refineries, on 07.12.2016 Oil PSUs have entered into Memorandum of Understanding (MoUs) with State Governments and Technology Providers for 2G ethanol bio-refineries. Foundation Stone of one bio-refinery has been laid by Hindustan Petroleum Corporation Limited on 25.12.2016 at Bathinda, Punjab.

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Comments of the Committee
(Please see para No. 19 of Chapter -I)

Recommendation No. 19

Development of Bio-fuels

The Committee note that with a view to encourage production of other bio-fuels such as bio-diesel in the Country, Bio-diesel Purchase Policy has been announced which provides guidelines for OMCs to procure bio-diesel for blending with High Speed Diesel (HSD) to the extent of 5%. Subsequently, sale of Bio-Diesel (B100) by private manufacturers to bulk buyers has also been allowed. Similarly, Public sector OMCs have been permitted to retail bio-diesel. The Committee appreciate the measures being taken by the Government to promote the use of alternative or Bio-fuels. The Committee recommend that the production of bio-diesel in the Country should be promoted by the Government OMCs through appropriate interventions.

Reply of the Government

In the past, Oil Marketing Companies (OMCs) have made efforts for indigenous production of biodiesel by carrying out plantation & maintenance activities of Jatropha through Joint Ventures with State Governments. However, the desired result i.e. yield from Jatropha was not obtained which incurred losses to the company. Trial results with High Yielding Varieties (HYVs) of Jatropha for production of Biodiesel were also not satisfactory. Therefore, the OMCs put an end to all its operations for undertaking biodiesel production from Jatropha cultivation.

In order to promote Biodiesel in the country, appropriate steps are being taken for allowing sale of Biodiesel for blending purposes to retail consumers by private manufacturers. Besides, specifications for blends of Biodiesel (B6-B20) have been issued by Bureau of Indian Standards (BIS).

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Comments of the Committee
(Please see para No. 22 of Chapter -I)

CHAPTER V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation No. 10

Merger of Oil PSUs & formation of an 'Oil Major'

The Committee note that the Government has announced in the budget that it is considering to strengthen the Central Public Sector Enterprises (CPSE) through consolidations, mergers and acquisitions which will give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for stakeholders. The objective of the Government is to create an „Oil Major" in petroleum sector which will be able to match the performance of international and domestic private sector oil and gas companies. The integration is expected to result in several benefits to the companies to withstand the volatility in the international prices of crude oil and natural gas, strengthen balance sheets, synergies across value chains, sharing of skills, research and development, infrastructure, increase in overall capacity and an edge during bidding for E&P assets. The entire process of integration may result in reshaping of the existing petroleum architecture in the country which is currently designed on the basis of upstream and downstream operations.

Though the exact contours of the „integration" process is yet to become clear, the Committee opine that creation of an „Oil Major" could have an beneficial impact on the domestic petroleum sector scenario and immensely improve the competitiveness of the Oil PSU"s on global stage. The Committee, however, feel that the Government needs to proceed with caution as there are several challenges such as integration of human resources, creating synergies in companies having diverse operations, etc., which needs to be overcome for successful implementation of such an endeavour. The Committee, therefore, would suggest that Government should come out with a clear roadmap and framework with objective parameters at an early date for creation of such an „Oil Major" in order to remove ambiguity and apprehensions and the Ministry/PSU"s should also consult employees of the companies to allay their fears about mergers and consolidation exercise. The Committee further recommend that abundant caution should be exercised in order to ensure that the integration exercise is not done in undue haste but handled without any disadvantage for the existing human resources of the PSUs and make it a win-win situation.

Reply of the Government

Finance Minister in the Union Budget Speech of 2017-18 on February 1, 2017, inter alia, stated that "We see opportunities to strengthen our CPSEs through consolidation, mergers and acquisitions. By these methods, the CPSEs can be integrated across the value chain of an industry. It will give them capacity to bear higher risks, avail economies of scale, take higher investment decisions and create more value for the stakeholders. Possibilities of such restructuring are visible in the Oil and Gas sector. We propose to create an integrated public sector „Oil Major" which will be able to match the performance of international and domestic private sector oil and gas companies".

The Ministry is examining the feasibilities and modalities of “Synergy in the Functioning of Oil and Gas PSUs”. ONGC had forwarded a proposal to acquire HPCL. In-principle approval for this proposal has been given by CCEA.

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Comments of the Committee
(Please see para No. 13 of Chapter -I)

Recommendation No. 20

National Seismic Programme- Reassessment of Hydrocarbon Resources and National Data Repository

The Committee note that after almost two decades of last such exercise, the Directorate-General of Hydrocarbons (DGH) is undertaking a Reassessment of Hydrocarbon Resources in all 26 sedimentary basins of the Country through a Multi-Organisation Team with the collaboration of ONGC and OIL. The project commenced in September 2015 and is scheduled to be completed in 27 months, i.e., by November 2017. The Committee further note that so far, re-assessment study for ten basins have been completed and their draft reports are under preparation. At present, the study for ten more basins is in progress. The Committee also note that the National Data Repository (NDR) has been set up as a part of National Knowledge Hub to populate all the geo-scientific data available in the Country. Its aim is to provide reliable exploration and production data for India for seamless access and on-line data management to the E&P Companies. It will validate, store, maintain and reproduce high quality and reliable geo-scientific data, facilitate efficient data reporting, data exchange, and data trading among existing players, improve DGH‟s ability to monitor and control the E&P activities and reporting, encourage new E&P activities by providing high quality and reliable data and strengthen overall geo-scientific activities in India.

NDR Project is currently being executed in the DGH premises in Noida. The Committee understand that initial works relating to NDR project has been completed and it has been populated with data. NDR is ready for providing data to various E&P operators through launching of OALP/HELP programme. The Committee feel that having an NDR for India will enhance prospects of petroleum exploration and facilitate the Bidding Rounds by improving the availability of quality data. It will also help the Country compete effectively in the hydrocarbon exploration and production sector.

The Committee note that two proposals have been received for Geo-Scientific Data generation for hydrocarbons in Indian sedimentary basins and desire that these proposals may be evaluated so that funds and physical targets are achieved for successful completion.

The Committee, therefore, recommend that the project relating to Reassessment of Hydrocarbon Resources be completed without any time overrun and proper guidelines for using the data contained in the NDR should be framed at the earliest so that exploration exercises can be undertaken more effectively.

Reply of the Government

National Seismic Programme of Un-appraised areas

Almost half of the India‟s Sedimentary areas are yet to be appraised. Government of India has taken up an ambitious programme for undertaking 2D seismic survey of entire un-appraisal areas with an estimated expenditure of Rs.3000 crore. National seismic programme was launched on 12th October 2016 in Mahanadi Basin.

Out of 48243 line kilometer (LKM) of 2D seismic, ONGC and OIL will carry out 40835 LKM and 7408 LKM respectively.

Currently 2D seismic data acquisition is in progress. 5618 line kilometer of 2D seismic data has been acquired in the area of Assam, Arunachal Pradesh, Cambay, Saurashtra, Rajasthan, Kutch, Bengal, Mahanadi, NEC basin, Deccan Synclise North, Deccan Synclise-South, Bhima, Kaladgi, Vindhyan-A, Narmada, Satpura, Himalayan-Foreland, Karewa and Spiti – Zanskar as on 31st March 2017.

The national seismic Programme is likely to be completed by 2019-20. Annual milestones have been fixed.

Reassessment of Hydrocarbon Resources

Presently, the process of re-assessment of hydrocarbon resources of 26 sedimentary basins of India including deep water areas integrating all the available geo-scientific data is in progress. The reassessment project is under execution by ONGC in association with OIL and DGH.

Currently, the studies of eleven basins (Satpura-South Rewa-Damodar, Bastar, Chattishgarh, Karewa, Vindhyan, Kerala-Konkan, Mahanadi, Rajasthan, Spiti-Zanskar, Mumbai Offshore and Pranhita-Godavari) have been completed and their draft reports are prepared. The project has been reviewed by the International experts and the suggestions given by the international experts are also incorporated in the report.

The reassessment work of eleven sedimentary basins (A&AA fold Belt, Assam Shelf, Himalayn Fold Belt, Bhima-Kaladgi, KG, Cauvery, Bengal- Purnea, Andaman-Nicobar, Cambay Basin, Kutch-Saurashtra and Ganga–Punjab Plain) is in progress at various work centers of ONGC.

National Data Repository

National Data Repository (NDR) has been set up to populate all the geo-scientific data available in the country. NDR Project is currently being expedited in DGH premises at sector 73, Noida. Integration of Software at NDR site has been completed. Build up phase on pilot data and priority data has also been completed. Currently, NDR is in operation phase wherein data loading and sharing is in progress. So far 16,65,145 line kilometre (LKM) of 2D seismic, 5,83,985 Sq. Km of 3D seismic data,15,254 well reports and 1,964 seismic reports have been uploaded.

NDR is ready for providing data to various Industry E&P operators through launching of OALP/HELP programme. The interested E&P companies would be able to view geo-scientific data from anywhere in the world and firm up an opinion regarding prospectivity of the blocks prior to bidding for the block.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/19/2017-Fin.I dated 25th July, 2017

Comments of the Committee
(Please see para No. 25 of Chapter -I)

New Delhi;
***28 December*, 2017**
7 *Pausha*, 1939 (Saka)

PRALHAD JOSHI,

Chairperson,
Standing Committee on
Petroleum & Natural Gas.

Annexure I

MINUTES
STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS
(2017-18)
SEVENTH SITTING
(27.12.2017)

The Committee sat on Wednesday, the 27 December, 2017 from 1600 hrs. to 1630 hrs. in Committee Room No. '139', PHA, New Delhi.

PRESENT

Sh. Pralhad Joshi - Chairperson

MEMBERS
LOK SABHA

2. Shri Rajendra Agrawal
3. Smt. Rama Devi
4. Shri Elumalai V.
5. Shri Naranbhai Kachhadiya
6. Dr. Thokchom Meinya
7. Shri Ashok Mahadeorao Nete
8. Smt. Jayshreeben Patel
9. Shri A.T. Nana Patil
10. Shri Arvind Sawant
11. Shri Rajesh Verma
12. Shri Laxmi Narayan Yadav

RAJYA SABHA

13. Shri V. Lakshmikantha Rao

SECRETARIAT

1. Shri A.K.Singh - Additional Secretary
2. Dr. Ram Raj Rai - Director
3. Shri H. Ram Prakash - Additional Director

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee. The Committee then took up for consideration draft Action Taken Report on the recommendations contained in the Eighteenth Report (16th Lok Sabha) on „Demands For Grants (2017-18) of MoP&NG" and adopted the same without any modifications.

3. xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx xxx

4. The Committee then authorised the Chairperson to present/lay the Report in both the Houses of Parliament.

The Committee then adjourned.

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xxx: Matter not related to the subject.

Annexure II

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE EIGHTEENTH REPORT (SIXTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2016-17) ON 'DEMANDS FOR GRANTS (2017-18) OF THE MINISTRY OF PETROLEUM AND NATURAL GAS'.

I	Total No. of Recommendations	25
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1,2,3,4,6,8,9,11,12,13,14,15,16,17,21,22,23 and 24)	18
	Percentage to Total	72%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government"s (Vide Recommendations at Sl. Nos. 7 and 25)	02
	Percentage of Total	8%
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. No. 5, 18 and 19)	3
	Percentage of Total	12%
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendations at Sl. No. 10 and 20)	2
	Percentage of Total	8%