



**STANDING COMMITTEE ON  
PETROLEUM & NATURAL GAS  
(2020-21)**

**(SEVENTEENTH LOK SABHA)**

**MINISTRY OF PETROLEUM & NATURAL GAS**

*[Action Taken by the Government on the recommendations contained in the First Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2019-20) on Demands for Grants (2019-20)]*

**THIRD REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 2021/Magha, 1942 (Saka)*

**THIRD REPORT****STANDING COMMITTEE ON  
PETROLEUM & NATURAL GAS  
(2020-21)****(SEVENTEENTH LOK SABHA)****MINISTRY OF PETROLEUM & NATURAL GAS**

*[Action Taken by the Government on the recommendations contained in the First Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2019-20) on Demands for Grants (2019-20)]*

*Presented to Lok Sabha on 10.02.2021*

*Laid in Rajya Sabha on 10.02.2021*

**LOK SABHA SECRETARIAT  
NEW DELHI**

*February, 2021/Magha, 1942 (Saka)*

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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 Third Report on Action Taken by the Government on the recommendations contained in the First Report (Seventeenth Lok Sabha) of the Committee on 'Demands for Grants (2019-20)'.

2. The First Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha on 11.12.2019. The Action Taken Replies of the Government to all the recommendations contained in the First Report were received on 09.03.2020.

3. The Standing Committee on Petroleum & Natural Gas (2020-21) considered and adopted the Report at their sitting held on 05.02.2021.

4. An analysis of the action taken by the Government on the recommendations contained in the First Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum & 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;  
5 February, 2021  
16 Magha, 1942 (Saka)

**RAMESH BIDHURI,**  
**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 First Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2019-20) on "Demands for Grants (2019-20) of the Ministry of Petroleum and Natural Gas", which was presented to Lok Sabha and laid in Rajya Sabha on 11.12.2019.

2. Action Taken Notes have been received from the Ministry on 09.03.2020 in respect of all the 14 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, 4, 5, 6, 7, 8, 10, 11, 12, 13 and 14 (Total -11)

**(Chapter- II)**

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:- Reco. No. 9 (Total-1)

**(Chapter- III)**

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- Reco. Nos. 2 and 3 (Total-2)

**(Chapter- IV)**

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:- Reco. No. Nil

**(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 1

### Analysis of Budgetary Allocations

5. The Committee had recommended as under:

“The Committee note that the budget of Ministry of Petroleum and Natural Gas for the year 2019-20 shows a total allocation of Rs. 42901.49 crore, of which Rs. 41234.18 crore is under revenue item and Rs. 1667.31 crore is under capital item. For the year 2019-20, the BE under the head DBT for LPG accounts to Rs. 29500 crore and other subsidies payable including NE Region (Kerosene) is Rs. 4058 crore. Under the head LPG connection to poor households (PMUY), the allocation is Rs. 2724 crore and under Phulpur-Dhamra-Haldia pipeline projects it is Rs. 2758.71 crore. For payment of differential royalty to State Governments, an allocation of Rs. 195 crore has been made. Further, an amount of RS. 37.87 crore and Rs. 31.82 crore have been allocated under PM JI-VAN Yojana and IIPE respectively during the current financial year. In the capital section, an amount of Rs. 1623.26 crore has been allocated as BE 2019-20 for National Seismic Programme.

An analysis of the allocation of BE 2019-20 over actuals in 2018-19 shows that the allocation under the head DBT for LPG shows an increase of 79 percent while the Phulpur-Dhamra-Haldia project shows an increase of 128 percent. However, the allocation of funds under PMUY shows a decrease of around 14.88 per cent while payment of differential royalty to State Governments indicate a decline of 54 per cent as compared to the actual of 2018-19. Under capital section, the allocation for National Seismic Programme shows an increased allocation of 24.87 percent over the actual 2018-19.

Further, the Committee have been informed that a provision of Rs. 42.05 crore has been made in BE 2019-20 towards the provision of interest free loan to Biecco Lawrie Ltd., and the Committee desire that the latest position along with the utilization of fund may be informed at the earliest.

The Committee note that the BE 2019-20 at Rs. 42901.49 crore shows an increase of 32.53 percent over Rs. 32370.81 crores over the actual expenditure during the year 2018-19. The Committee observe that the major increase in expenditure is under the head DBT for LPG which has seen an increased allocation of Rs. 13000 crore to clear the outstanding payments to oil marketing companies towards direct benefit transfer for LPG. The Committee are dismayed to observe that the Ministry has not estimated the funds requirement under DBT for LPG during the last financial year properly. Further, the Committee observe that during the last financial year the allocation under cash incentive to union Territory Governments for Kerosene distribution reforms was Rs. 2 crore and the actual utilization of the funds was RS. 0.26 crore only. The Committee recommend that the Ministry should utilize the allocated funds fully under all heads and if need be may seek additional funds to complete their targets under both capital and revenue sections”.

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

(Rs. in crores)			
	<b>Budget Estimates 2019-20</b>	<b>Revised Estimates 2019-20</b>	<b>Expenditure as on 29.02.2020</b>
Revenue	41234.18	42282.44	41989.76
Capital	1667.31	619.05	400.68
Total	42901.49	42901.49	42390.44
			98.81% of BE

(Rs. in crores)				
<b>Scheme</b>	<b>Actual 2018-19</b>	<b>BE 2019-20</b>	<b>RE 2019-20</b>	<b>Expenditure as on 29.02.2020</b>
1.DBT for LPG	16477.80	29500.00	29627.76	29500.00
2.Other subsidies payable including NE Region (Kerosene)	4200.00	4058.00	4058.00	4058.00
3.LPG connection to poor Households	3200.00	2724.00	3724.00	3724.00
4.Phulpur-Dhamra-Haldia pipeline project	1206.60	2758.71*	3104.22*	1505.86
5. Payment of differential royalty to State Governments	4255.00	1954.00	1962.32	1954.00
6. PM JI-VAN Yojana	0.00	37.87	0.01	0.00
7. IIPE, Vishakhapatnam	24.00	31.82	22.28	22.28
8. National Seismic Programme	1300.00	1623.26	575.00	385.68

“Ministry of Finance allocated an amount of Rs. 29500 crore in the schemes of ‘Direct Benefit Transfer-LPG’, which is an increase of 79 percent over the actual of 2018-19. This increase in BE of this scheme is to clear unpaid arrears of previous year. This amount has been utilized fully till 29.02.2020. In the scheme of ‘Phulpur-Dhamra-Haldia pipeline project’ an allocation of Rs.1552.11 crore has been kept. The scheme is funded from Central Road and Infrastructure Fund (CRIF) in the current financial year 2019-20. Rs.1206.60 crore in BE and Rs.1552.11 crore in RE has been provided from Central Road and Infrastructure Fund (CRIF) which is book adjustment in account. In the scheme of ‘LPG connection to poor Households (PMUY)’, an additional amount of Rs.1000 crore has been provided from the savings in Demand. So, total amount of Rs.3724 crore has been utilized. The provision of Rs.1954 crore has kept in the scheme of ‘Payment of Differential Royalty to State Governments’ due to lower liability of the outstanding differential royalty component, there is variation in BE as compared to previous year. In this scheme additional amount of Rs. 8.32 crore has been provided at RE stage for payment of yearly differential royalty payable to the State Governments of Gujarat and Arunachal Pradesh.

Out of the provision of Rs.42.05 crore in ‘Interest free loan to Bienco Lawrie Ltd’, an amount of Rs.15 crore has been utilized.

The allocation of funds in schemes is made according to the ceiling communicated by Ministry of Finance. During the year 2018-19, the budget provision in the scheme of DBT for LPG was kept as per ceiling of BE for the Demand. The allocation under Cash incentive to Union Territory Governments

for kerosene distribution reforms was made but the bills were not raised for payment of UT Governments. Out of the allocated amount of Rs.42901.49 crore for the current financial year 2019-20, Ministry has utilized an amount of Rs. 42390.44 crore till 29<sup>th</sup> February, 2020 which is 98.81% of BE”.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

### **Comments of the Committee**

7. The Committee while noting the rationale put forth by the Ministry in its reply to various budgetary heads of allocations, have observed that the Ministry has remained silent by not offering any explanation to the glaring discrepancies found in the allocations of important schemes like ‘PM JI-VAN Yojana’ and ‘National Seismic Programme’ in their BE (2019-20), RE (2019-20) and the actual expenditure incurred in the last quarter of the financial year. In respect of PM JI-VAN Yojana, the actual expenditure incurred upto February, 2020 has been shown nil as against the BE provision of Rs. 37.87 cr. and RE provision of Rs.0.01 cr. With regard to NSP, only Rs. 385.68 crore has been spent by the end of February, 2020 as against the BE provision of Rs.1623.26 crore and RE provision of Rs. 575.00 crore, thus utilising only 66.9% as against the RE provision. Further, the Committee have noted that in respect of ‘Biecco Lawrie Ltd.’ a budgetary provision of Rs. 42.05 crore was made as an interest free loan during the BE 2019-20. However, only Rs.15 crore has been utilized by the end of the financial year, thereby utilising only 35.67% of the allocated fund.

The Committee while being concerned about the under-utilisation of earmarked allocations in respect of aforementioned programmes and schemes, earnestly desire that the Ministry would, hereafter, make budgetary requirements under various heads in such a way that the projected funds would be fully utilised for the intended purpose by the end of the financial year. The Committee also urge the Ministry to make rational and realistic assessment with regard to the planning and prioritisation of its resources so that accurate budgetary estimates would be made to achieve better financial management and fiscal discipline in the long run.

## **Recommendation 2**

### **Need to widen the scope of PMUY with more beneficiaries**

8. The Committee had recommended as under:

“The Committee note that Pradhan Mantri Ujjwala Yojana (PMUY) is one of the flagship schemes of the Ministry of Petroleum and Natural Gas launched during the year 2015 with the objective of providing five crore LPG connections to women belonging to BPL households over a period of three years starting from the financial year 2016-17. However, the target was revised to eight crore connections by the financial year 2019-20. The Committee note that the Ministry/OMCs have achieved the target of eight crore connections by September, 2019. In this regard, while being satisfied with the performance of the Ministry/OMCs for achieving the stipulated target before time, the Committee remain skeptical about the assessment of the targets. The Committee note that an amount of Rs. 2724 crore has been allocated under this scheme for the current financial year 2019-20. The Committee desire that the Ministry should make more rational and realistic assessment of the situation and fix the targets wisely in order to optimise the resources and enhance their reach. The Committee further, desire that the Ministry/OMCs should not rest on their laurels and recommend that entire funds should be utilised for providing further LPG connections during the current financial year.

The Committee while noting the efforts made by OMCs urge upon the Government to broaden the scheme to cover poor families residing in urban/semi-urban areas within the ambit of PMUY scheme. The Committee therefore, recommend that the Ministry should now endeavour to provide LPG connections to all eligible households”.

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

“Oil Marketing Companies submit duly verified bills by Petroleum Planning and Analysis Cell (PPAC) to the Ministry on quarterly basis for reimbursement after releasing LPG connections under Pradhan Ujjwala Yojana (PMUY). The Government has already achieved the target under PMUY. Year-wise budget allocation viz.-a-viz. utilisation of fund under PMUY are as under:-

Financial Year	Budget allocation (Rs. in crore)	Fund Reimbursed (Rs. in crore)
2016-17	2,500	2,500
2017-18	2,251	2,251
2018-19	3,200	3,200
2019-20	2,724*	2,724

\*In addition to Budget Estimates of Rs. 2,724 crore in the Financial Year 2019-20, Ministry of Finance has also made an additional amount of Rs. 1,000 crore for PMUY in the Revised Estimated for the year 2019-20 against the demand of Rs. 2118 crore.

Release of LPG connection is a continuous process and LPG distributors are under instructions to immediately register any request for new LPG connection”.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

### **Comments of the Committee**

**10. The Committee while emphasising upon the welfare orientation of Ujjwala Yojana, had urged the Government to broaden the scheme to cover poor families residing in urban/semi-urban areas within its ambit. In this regard, the Committee had also recommended the Ministry to direct its efforts to provide LPG connections to all eligible households in the country. The Committee, however, have found in the reply furnished by the Ministry that it seems to be very complacent in achieving the target of eight crore LPG connections under the scheme by September, 2019 and thereby it has been deliberately silent by not mentioning its efforts to widen the scope of the scheme. The Committee, therefore, while decrying the evasiveness of the Ministry’s reply, reiterate their recommendation that the PMUY must be broadened to include poor families living in urban and semi-urban areas and sincerely urge the Ministry to direct its efforts to provide LPG connections to all eligible households in the country.**

### **Recommendation 3**

#### **Need to incentivize PMUY beneficiaries to increase refills of LPG cylinders**

11. The Committee had recommended as under:

“The Committee note that the Ministry/PSUs have increased the LPG coverage in the country to over 90 percent with the implementation of PMUY scheme. The Committee further note that the national average refill of domestic LPG cylinders by consumers is 6.25 cylinders per year. However, it is observed that the average refill of LPG cylinders by PMUY beneficiaries is 3.08 cylinders during the last one year. The Committee have been informed that the low refill average by PMUY beneficiaries could be due to adjustment of behavioral changes and less demand. Considering the economic background of PMUY beneficiaries, the Committee opine that higher pay out of cash of Rs. 650/- for a 14.2 Kg cylinder could also be a reason for lower

refill average. In order to fulfill the intention of the scheme and to increase the use of LPG, the Committee recommend that the Ministry should consider a separate scheme with higher subsidy so that the LPG cylinders become affordable to PMUY beneficiaries. The Committee also desire that the Government/PSUs should introduce smaller sizes of LPG cylinders like 2kg, 3kg and 5kg to encourage PMUY beneficiaries to increase the use of LPG cylinders and achieve the purpose of the scheme in letter and spirit. Furthermore, the Government should ensure that the pricing of these packages is in consonance with the 14.2 kg cylinder at the rate of Rs. 650”.

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

“In order to make the LPG cylinders more affordable to PMUY beneficiaries, the Government has revised the subsidy Scheme. The current (January, 2020) effective price of one 14.2 Kg LPG cylinder at Delhi for PMUY beneficiary is Rs. 535.34. Further, PMUY customers have also been given an option to avail LPG connections with 5 Kg cylinder as well as an option to swap from 14.2 Kg to 5 Kg cylinders”.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

#### Comments of the Committee

**13. While being aware of the steps taken by the Ministry to incentivise PMUY beneficiaries to increase refills of LPG cylinders, the Committee reiterate the fact that the national average refill of cylinders under PMUY was just 3.08 cylinders when compared to the national average refill of domestic LPG cylinders during the last one year thereby reflecting the yawning gap of financial affordability between normal LPG consumers and Ujjwala beneficiaries. In this regard, the Committee reiterate their earlier view that a separate scheme must be launched with a higher subsidy so that LPG cylinders become affordable to Ujjwala beneficiaries. The Committee also reiterate that more smaller size LPG cylinders should be introduced to ensure their availability to unaffordable sections among beneficiaries of the scheme. In addition, while noting the reply of the Ministry with regard to the swapping of 14.2 kg cylinder to that of 5 kg cylinder, the Committee are of the firm view that one single 5 kg cylinder should not be equated to 14.2 kg cylinder. Instead, an option of providing minimum three 5 kg cylinders should be made available to those consumers who cannot afford to purchase 14.2 kg cylinder under PMUY.**

## **Recommendation 8**

### **National Bio Fuel Fund**

14. The Committee had recommended as under:

“The Committee observe that the National Policy on Biofuels was notified by the Government in 2018 to provide a fillip to the Bio Fuels Programme in the country and the main objective of this programme has been to facilitate appropriate financial and fiscal incentives to both first generation (1G) bio-ethanol and biodiesel fuels and second generation (2G) ethanol and bio-CNG fuels. The Committee have noted that National Bio Fuel Fund has been allotted a token amount of Rs. 1.00 crore budgetary allocation during the current financial year to provide Viability Gap Funding, subsidies and other financial grants for promotion of bio fuels in the country.

The Committee while appreciating the objectives of this Ministry of this National Biofuel Programme except the Government to find solutions to various practical constraints such as lack of adequate supply of ethanol in the Ethanol Blended Programme. They desire that the Government must take advantage of availability of multiple crops in the country for producing various kinds of biofuels from different sources and expedite production of second generation biofuels in order to benefit the farming community in the country. The Committee further desire that production of biofuels in large quantities would certainly go a long way in supplementing the existing convention hydrocarbons and recommend the Ministry to finalize the modalities of the implementation of the programme and keep the programme funded properly so that it can be taken up in mission mode”.

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

“National Policy on Biofuels-2018, has envisaged production of ethanol from B-molasses, sugarcane juice, biomass in form of grasses, agriculture residues, sugar containing materials like sugar beet, sweet sorghum, damaged food grains like wheat, broken rice etc. From Ethanol Supply Year (ESY) 2018-19, additional sources like B-heavy molasses, sugarcane juice, damaged food grains like wheat and rice unfit for human consumption, surplus food grains and fruit and vegetable wastes have been permitted. From the ESY: 2019-20, the Government has allowed sugar and sugar syrup as additional sources for making ethanol. All these feed-stocks have been allowed to enhance production of ethanol in the Country.

Further, NPB-2018 has envisaged that during an agriculture crop year when there is projected over supply of food grains as anticipated by the Ministry of Agriculture & Farmers Welfare, the policy will allow conversion of these surplus quantities of food grains to ethanol, based on the approval of National Biofuel Coordination Committee.

A token amount of Rs. 1 crore has already been kept for 2020-21 in National Biofuel Fund and structure and modalities of the fund is being examined by this Ministry”.

### Comments of the Committee

16. The Committee feel that the setting up of National Bio Fuel Fund as part of National Policy on Bio-Fuels is an important policy tool to provide financial and fiscal incentives to both first generation (1G) bio- ethanol and bio-diesel fuels and second generation (2G) ethanol and bio-CNG fuels. However, it has been more than six months since the Ministry was exhorted to spell out the structure and modalities of the National Bio Fuel Fund and the reply of the Ministry has stated that the same are still being examined in this regard. The Committee, while understanding the significance of this programme in supplementing conventional hydrocarbons and thereby strengthening the energy security in the country, reiterate their recommendation that the Ministry must finalise the modalities of the implementation of the programme with sufficient budgetary allocations so that funding would not become an obstacle in the implementation of such an important programme. Further, the Ministry must come out with a clear road map/blueprint with regard to production of bio fuels in the country and the likely steps to be initiated to expedite this programme and the same may be intimated to the Committee within three months after presentation of this report to Parliament.

### Recommendation 12

#### LPG distributorships

17. The Committee had recommended as under:

“The Committee note that the number of LPG consumers in the country has seen tremendous increase and it is currently about 26.5 crore consumers due to successful implementation of Pradhan Mantri Ujjwala Yojana by providing 8 crore LPG connections during the last five years of which and more than 4.51 crore connections were given during the year 2018-19. This has necessitated that adequate number of LPG distributorships are opened so that the consumers can avail the facilities for refilling of their cylinders in time and without much difficulty. The Committee note that as on 01.10.2019 there are 24127 LPG distributors in the country and OMCs have advertised 6380 LPG distributorships under unified guidelines for selection of LPG distributorship out of which 4152 LPG distributorships have been commissioned during the last three years and current year.

Since commissioning of such distributorships in far-flung areas help in uninterrupted distribution and supply of LPG, the Committee would like to impress upon the Government to give suitable directions to OMCs to complete the process of commissioning of the remaining distributorships at an early date. The Committee note that allotment of LPG distributorships gets affected

due to various reasons and therefore, recommend that the procedure in regard to distributorships of LPG be simplified and made easy so as to accomplish the targets in a timely manner and avoid undue delay”.

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

“Allotment of LPG distributorships involves the process of advertisement, scrutiny of applications, conducting draw among eligible applicants, Field Verification of Credential (FVC) of the candidate selected in draw of lots after which Letter of Intent (LOI) is issued to the candidate successful in FVC. Allotment of LPG distributorships gets affected due to various reasons like complaints, court cases, nil applicants, rejection of candidates during FVC etc. Once the candidate gets rejected during FVC, then re-draw is conducted. This process goes on till the complete list of all eligible candidates for draw is exhausted to give fair justice to all the applicants applied.

Out of 6380 locations advertised under Unified Guidelines for Selection of LPG Distributorships, 4343 has already been commissioned by OMCs as of 01.12.2019”.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

### Comments of the Committee

**19. The Committee are of the considered view that with the launching of Pradhan Mantri Ujjwala Yojana, the number of LPG consumers has risen exponentially in large pockets of rural India. The Committee, however, note that to commensurate with the increasing LPG households, it has become imperative for the Government to expand LPG distributorships in equal measure in interior regions and other inaccessible hilly terrains in the country.**

**The Committee, therefore, while taking cognisance of various practical constraints in the process of the allotment of LPG distributorships, exhort the Ministry/OMCs to streamline the existing procedure in order to expedite the allotment process. The Committee also expect the Ministry to commission the remaining LPG distributorships at the earliest and accordingly, intimate the same to the Committee within three months.**

### Recommendation 13

#### Pradhan Mantri Ji-Van Yojana

20. The Committee had recommended as under:

“The Committee note that Pradhan Mantri JI-VAN Yojana is another scheme for which provision of Rs. 37.87 crore has been made in BE 2019-20. The

scheme provides financial support for setting up integrated bio-ethanol projects using lignocellulosic biomass and other renewable feedstock as a tool to create 2G Ethanol capacity in the country and attract investments in this new sector. The Committee further note that under the scheme, approval for 12 commercial projects at the cost of Rs. 1800 crore and 10 demonstration projects at a cost of Rs. 150 crore and Rs. 19.50 crore for CHT as administrative charge totaling Rs. 1956.50 crore for the period 2018-19 to 2023-24 has been granted.

The Committee note that the objectives of the scheme are to establish commercially viable 2G ethanol production projects, providing remunerative income to farmers for their otherwise wasteful agricultural residues, addressing concerns of environmental pollution caused by burning of biomass/agriculture residues and contributing to 'Swacch Bharat Mission' by supporting the aggregation of non-food biofuel feed-stocks such as, waste biomass and urban waste, indigenization of second generation biomass to ethanol technologies etc.

The Committee recommends that the Ministry should review the implementation and progress of the commercial and demonstration projects under this scheme periodically and ensure that the different milestones of the scheme are implemented as per the schedule without any time and cost overruns".

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

"The Ministry periodically monitors the Programme of 2G Ethanol Projects at all levels including at the level of Minister, P&NG to avoid time and cost overrun of these Projects".

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

#### **Comments of the Committee**

**22. The Committee had noted that PM JI-VAN Yojana was launched with a provision of Rs. 37.87 crore in the BE 2019-20 with the objectives to provide financial support to establish commercially viable 2G ethanol production projects, providing remunerative income to farmers for their wasteful agricultural residues and thereby addressing concerns of environmental pollution caused by burning of biomass in the country. In this regard, the Committee had recommended for the review of the implementation and progress of commercial and demonstration projects under this scheme without any time and cost overruns. The Committee, however, are concerned to note that the Ministry has not spent the earmarked funds for the intended purpose during the financial year 2019-20.**

The Committee are of the firm view that given an immense potential benefits of the scheme in addressing various issues, the effective implementation of JI-VAN Yojana would certainly reduce dependence on conventional fossil fuels in a big way and thereby strengthening the country's much needed energy security in the long run. The Committee, therefore, expect the Ministry to devise modalities at the earliest to setup 2G ethanol projects under the scheme so that commercially viable projects may be set up in the country in general and in National Capital Region in particular to address the recurring air pollution in winters in northern India.

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**CHAPTER II****RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN  
ACCEPTED BY THE GOVERNMENT****Recommendation No. 1****Analysis of Budgetary Allocations**

The Committee note that the budget of Ministry of Petroleum and Natural Gas for the year 2019-20 shows a total allocation of Rs. 42901.49 crore, of which Rs. 41234.18 crore is under revenue item and Rs. 1667.31 crore is under capital item. For the year 2019-20, the BE under the head DBT for LPG accounts to Rs. 29500 crore and other subsidies payable including NE Region (Kerosene) is Rs. 4058 crore. Under the head LPG connection to poor households (PMUY), the allocation is Rs. 2724 crore and under Phulpur-Dhamra-Haldia pipeline projects it is Rs. 2758.71 crore. For payment of differential royalty to State Governments, an allocation of Rs. 195 crore has been made. Further, an amount of RS. 37.87 crore and Rs. 31.82 crore have been allocated under PM JI-VAN Yojana and IIPE respectively during the current financial year. In the capital section, an amount of Rs. 1623.26 crore has been allocated as BE 2019-20 for National Seismic Programme.

An analysis of the allocation of BE 2019-20 over actuals in 2018-19 shows that the allocation under the head DBT for LPG shows an increase of 79 percent while the Phulpur-Dhamra-Haldia project shows an increase of 128 percent. However, the allocation of funds under PMUY shows a decrease of around 14.88 per cent while payment of differential royalty to State Governments indicate a decline of 54 per cent as compared to the actual of 2018-19. Under capital section, the allocation for National Seismic Programme shows an increased allocation of 24.87 percent over the actual 2018-19.

Further, the Committee have been informed that a provision of Rs. 42.05 crore has been made in BE 2019-20 towards the provision of interest free loan to Biecco Lawrie Ltd., and the Committee desire that the latest position along with the utilization of fund may be informed at the earliest.

The Committee note that the BE 2019-20 at Rs. 42901.49 crore shows an increase of 32.53 percent over Rs. 32370.81 crores over the actual expenditure during the year 2018-19. The Committee observe that the major increase in expenditure is under the head DBT for LPG which has seen an increased allocation of Rs. 13000 crore to clear the outstanding payments to oil marketing companies towards direct benefit transfer for LPG. The Committee are dismayed to observe that the Ministry has not estimated the funds requirement under DBT for LPG during the last financial year properly. Further, the Committee observe that during the last financial year the allocation under cash incentive to union Territory Governments for Kerosene distribution reforms was Rs. 2 crore and the actual utilization of the funds was RS. 0.26 crore only. The Committee recommend that the Ministry should utilize the allocated funds fully under all heads and if need be may seek additional funds to complete their targets under both capital and revenue sections.

**REPLY OF THE GOVERNMENT**

	<b>Budget Estimates 2019-20</b>	<b>Revised Estimates 2019-20</b>	<b>Expenditure as on 29.02.2020</b>
Revenue	41234.18	42282.44	41989.76
Capital	1667.31	619.05	400.68
Total	42901.49	42901.49	42390.44
			98.81% of BE

<b>Scheme</b>	<b>Actual 2018-19</b>	<b>BE 2019-20</b>	<b>RE 2019-20</b>	<b>Expenditure as on 29.02.2020</b>
1. DBT for LPG	16477.80	29500.00	29627.76	29500.00
2. Other subsidies payable including NE Region (Kerosene)	4200.00	4058.00	4058.00	4058.00
3. LPG connection to poor Households	3200.00	2724.00	3724.00	3724.00
4. Phulpur-Dhamra-Haldia pipeline project	1206.60	2758.71*	3104.22*	1505.86
5. Payment of differential royalty to State Governments	4255.00	1954.00	1962.32	1954.00
6. PM JI-VAN Yojana	0.00	37.87	0.01	0.00
7. IPE, Vishakhapatnam	24.00	31.82	22.28	22.28
8. National Seismic Programme	1300.00	1623.26	575.00	385.68

“Ministry of Finance allocated an amount of Rs. 29500 crore in the schemes of ‘Direct Benefit Transfer-LPG’, which is an increase of 79 percent over the actual of 2018-19. This increase in BE of this scheme is to clear unpaid arrears of previous year. This amount has been utilized fully till 29.02.2020. In the scheme of ‘Phulpur-Dhamra-Haldia pipeline project’ an allocation of Rs.1552.11 crore has been kept. The scheme is funded from Central Road and Infrastructure Fund (CRIF) in the current financial year 2019-20. Rs.1206.60 crore in BE and Rs.1552.11 crore in RE has been provided from Central Road and Infrastructure Fund (CRIF) which is book adjustment in account. In the scheme of ‘LPG connection to poor Households (PMUY)’, an additional amount of Rs.1000 crore has been provided from the savings in Demand. So, total amount of Rs.3724 crore has been utilized. The provision of Rs.1954 crore has kept in the scheme of ‘Payment of Differential Royalty to State Governments’ due to lower liability of the outstanding differential royalty component, there is variation in BE as compared to previous year. In this scheme additional amount of Rs. 8.32 crore has been provided at RE stage for payment of yearly differential royalty payable to the State Governments of Gujarat and Arunachal Pradesh.

Out of the provision of Rs.42.05 crore in ‘Interest free loan to Biecco Lawrie Ltd’, an amount of Rs.15 crore has been utilized.

The allocation of funds in schemes is made according to the ceiling communicated by Ministry of Finance. During the year 2018-19, the budget provision in the scheme of DBT for LPG was kept as per ceiling of BE for the Demand. The allocation under Cash incentive to Union Territory Governments for kerosene distribution reforms was made but the bills were not raised for payment of UT Governments. Out of the allocated amount of Rs.42901.49 crore for the current financial year 2019-20,

Ministry has utilized an amount of Rs. 42390.44 crore till 29<sup>th</sup> February, 2020 which is 98.81% of BE”.

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

**Recommendation No. 4**

**Pradhan Mantri Urja Ganga Yojana (PMUG)**

The Committee note that the Ministry had prepared a plan to implement 15000 km of pipeline as part of gas grid to transport natural gas in the country. Three pipelines of 2520 km length were envisaged for implementing through PPP mode by Viability Gap Funding(VGF). The Committee, however are constrained to note that the estimated Budget allocation for the financial year 2019-20 for these projects is Rs. 3550 crore, out of which actual utilization so far is only Rupees 1322 crore. The Committee would like to point out that under Phulpur-Dhamra-Haldia Pipeline Project, the actual capital expenditure during 2018-19 was Rs. 1206.60 crore as against the allocation of Rs. 2413.20 crore in the Budget.

The Committee note that GAIL is executing the Jagdishpur-Haldia and Bokarao-Dhamra Pipeline Project (JHBDL) and Bartauni-Guwahati Pipeline Project(BGPL) and the target dates for JHBDL and BGPL pipeline projects under PMUG are December 2020 and February 2021 respectively and these projects will supply gas to various sectors such as fertilizers, steel, refineries, small industries and city gas distribution.

The Committee, therefore, recommend that the physical targets and the financial expenditure proposed to be incurred under the PMUG project during the current financial year should be achieved without fail. Further, any extraneous factors which hamper the completion process should be taken up with appropriate authorities so that the project is completed as per the schedule without and time and cost overruns.

**REPLY OF THE GOVERNMENT**

A) **Current Status:** The present status of Jagdishpur-Haldi & Bokaro-Dhamra Pipeline Project (JHBDL) and Barauni-Guwahati Pipeline Project(BGPL) is given as under:

SI	Pipeline Name	Length (Km)	State	Anticipated Completion	Estimated Cost (in cr.)	Status as on 13.01.2020
1	Jagdishpur Haldia Pipeline -Section1(Phuplur to Dobhi(Gaya) with spurlines to Varanasi, Gorakhpur, Patna and Barauni	750	Uttar Pradesh	Commissioned	12940	Entire Pipeline Commissioned
2	Dhamra- Angul Pipeline Section (Section-2A)	400	Odisha	Dec,2020		The work is under various stages of implementation
3	Dobhi-Durgapur Pipeline Section(Section-2B)	500	Bihar, West	Dec,2020		

			Bengal, Jharkhand			
4	Bokaro-Angul Pipeline Project(section-3A)	667	Jharkhand, Odisha	Dec,2020		
5	Durgapur-Haldia Pipeline Project(Section-3B)	335	West Bengal	Dec,2020		
6	Barauni-Guwahati Pipeline Project	729	Bihar, West Bengal, Assam	Dec,2021	3308	

There is no time and cost overrun in Jagdishpur-Haldia & Bokaro-Dhamra Pipeline Project (JHBDPL) & Barauni-Guwahati Pipeline Project(BGPL) from the scheduled plan.

**B) Capital Grant received from Government of India:** In pursuance of CCEA approval regarding viability gap funding/partial capital grant @40% of the estimated project cost of Rs.12,940 crore, as on 29<sup>th</sup> February, 2020, a total of Rs. 3562.4575 crore has been released to GAIL(India)Ltd. for development of JHBDPL project.

**C) Factors/issues hampering the work progress and action taken so far:**

1. State: Jharkhand(Total Length-559 km)
  - a. RoU Panchnama/Acquisition
  - b. Forest clearance/land
  - c. Distribution of Land Compensation

Secretary, PNG has taken up with CS, Govt. of Jharkhand vide letter dated 16.12.19.

2. State: West Bengal(Length(JHBDPL)-555km & (BGPL)-189 km)
  - a. Land Compensation.
  - b. RoU Notification in West Bengal.
  - c. Defense land matter.

Secretary, PNG has taken up with CS, Govt. of West Bengal vide letter dated 16.12.19.

3. State: Odisha (Total Length-769 km)
  - a. RoU issues in some villages of Sundargarh & Jharsuguda districts.
  - b. Forest Permission

Secretary, PNG has taken up with CS, Govt. of Odisha vide letter dated 16.12.19.

4. State: Bihar(Total Length-713 km)
  - a. RoU Panchnama/Acquisition in Gaya District.

Issue has been appraised to PMG and other Central/State authorities on regular basis.

All out efforts are being done to complete the project well within the scheduled timeline and approved cost.

### **Recommendation No. 5**

#### **Indian Strategic Petroleum Reserves limited (ISPRL)**

The Committee note that Indian Strategic Petroleum Reserves Ltd. (ISPRL) has three Strategic Petroleum Reserves (SPR) under Phase – I at Visakhapatnam, Mangalore and Padur. The Committee observes that the crude oil filling has been completed at Visakhapatnam and Mangalore SPR facilities. As far as Padur is concerned, ISPRL and ADNOC has signed an MoU to explore possibility of crude filling as per the ADNOC model. The committee note that an amount of Rs.2200 crore was projected for the year BE 2019-20 for purchase of crude oil to fill the Padur SPR. However, only a token amount of Rs.1 crore has been allocated against the demand. Further, the Committee note that Rs.700 crore was allocated for procurement of crude during the year 2018-19 and out of which only Rs.535 crore (that is only 76%) was utilised to fill up the SPR facility at Mangalore.

The Committee are of the opinion that the SPRs are important components of energy security for the country and therefore, strongly recommend that the Ministry should take up with the Ministry of Finance to allocate adequate for the purpose. Furthermore, the committee emphasize upon the Ministry to fully utilize the funds allocated so that next year also the allocations are not cut down.

The Committee note that under Phase II of ISPRL, two locations namely Chandikhol in Odisha and Padur in Karnataka have been selected for establishing 6.5 MMT Strategic Petroleum Reserves. The process of land acquisition in both the locations is currently under process. The Committee note that due to agitation by local people, the field survey was stopped in Padur. The Committee, therefore, urge upon the Ministry that the issue may be resolved by taking up the matter with the stake holders including State Governments at the highest level and the work should be restarted at the earliest.

### **REPLY OF THE GOVERNMENT**

The recommendations of the committee are noted by the Ministry. To procure the crude during the next F.Y. i.e. 2020-21 Rs. 2200 crore would be required. In this regard, MoPNG has already made a request to Ministry of Finance so that procurement of funds can be done at the earliest.

The cavern B at Mangalore was already filled with 0.75 MMT of crude oil imported in 2016. Meanwhile Padur facility was ready for commission in 2018. The Government approved the transfer of crude from Mangalore cavern to Padur cavern on 16<sup>th</sup> August'2018. It may be noted that Padur facility has four compartments of 0.625 MMT each. Hence 0.625 MMT of crude oil was transferred to Padur to fill one compartment, and the facility was commissioned on 15<sup>th</sup> December'2018.

Government of India had allocated Rs.700 crores for crude filling in the year 2018-19 to ISPRL for Strategic Reserves. On 27 December, 2018, crude oil of the value of Rs. 535 crore was procured to fill the cavern B of Mangalore.

The process of land acquisition has been started at both locations namely Chandikhol in Odisha and Padur in Karnataka. In this process, the compensation

issue has been raised by the local people. Issue regarding compensation will be taken on priority by ISPRL after the resurvey report is received from DC, Udupi.

ISPRL has also written on this matter to DC Udupi for conducting the re-survey of the houses by PWD and submit a report to ISPRL for further necessary action. It has also been requested to DC, Udupi to facilitate and extend cooperation in the Cadastral Survey for Phase II land acquisition.

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### **Recommendation No. 6**

#### **Indian Institute of Petroleum Energy (IIPE)**

The Committee note that in accordance with the Andhra Pradesh Reorganisation Act, 2014, an Indian Institute of Petroleum Energy is being established at Visakhapatnam to provide high quality education and research in the entire energy sector including conventional hydrocarbons, LNG, biofuels and renewable energy. The Committee note that the current status of allocation of the land related to the construction of permanent campus of Indian Institute of Petroleum and Energy (IIPE) at Visakhapatnam is that land measuring 175.74 acres has been allotted to IIPE out of a total land of 201.80 acres allocated by Government of Andhra Pradesh. Currently, the remaining land measuring 26.06 acres is under litigation and yet to be allotted to IIPE. The Committee have been further informed that IIPE is constantly in touch with the District Collector for the resolution of the issue at the earliest and the district administration seems to have assured to resolve the matter by consulting the stakeholders in order to handover the remaining land of 26.06 acres. The Committee note that an amount of Rs.31.82 crore has been allocated for IIPE during the year 2019-20 out of which Rs.14.32 crore has been released till 30 September, 2019. The Committee also note that the entire allocation of Rs.24 crore under BE 2018-19 was fully utilized during the previous year.

The Committee impress upon the Ministry to follow-up with the State Government at the highest level and with other stake holders to find a solution to the pending land issue so that an important institute like IIPE can function from its own campus with full fledged infrastructure and achieve the objective of nurturing and promoting quality and excellence in education and research in petroleum and energy sector. The Committee also recommend that the funds allocated for the current financial year 2019-20 should be fully utilized.

### **REPLY OF THE GOVERNMENT**

The recommendation of the Committee has been noted for compliance. Indian Institute of Petroleum and Energy (IIPE) has already initiated action with the District Collector to clear that part of the land and hand it over to them. Funds so far released to IIPE during the year 2019-20 have been fully utilized.

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## **Recommendation No. 7**

### **National Seismic Programme**

The Committee note that the Government had formulated a National Seismic Programme (NSP) in October, 2016 to appraise the un appraised areas in all sedimentary basins of India by conducting 2D seismic survey of 48,243 Line Kilo Metres (LKM) at an estimated cost of Rs 2932.99 crore and the project is proposed to be completed by 2020-21. The Committee understand that the data acquired in the present process would help in identifying the prospective areas carving out the blocks, generate interest of bidders in Open Acreages Licensing Program (OALP) etc. The Committee note that against a physical target of 11561 LKM for 2019-20, 4242.74 LKM has been achieved as on 15 October, 2019. Further, against the budgetary allocation of Rs 1623.26 crore, the actual expenditure as on 15 October, 2019 is Rs 166.35 crore only.

The Committee express their displeasure over the present progress of work as hardly 37 percent of the physical target has been achieved and only 10 percent of the actual expenditure has been incurred till now during the current financial year 2019-20. The Committee feel that since the basic idea of the programme is to ensure authentic scientific information about all sedimentary basins in India, it will certainly help in identifying the resourceful areas/ fields and also attract foreign direct investment in the country. The generated data would provide basic inputs for exploration activities in future. The slow progress would deter identification of new/ unexplored hydrocarbon areas through generation of new geo-scientific data, thereby affecting the domestic oil and gas production. In view of this, it becomes really significant that the pace of achieving physical targets should be enhanced and utilization of funds should be maximized.

The Committee therefore, recommend that the Ministry should review the progress of the programme continuously and take necessary corrective action so that the physical and financial targets for the current financial year are achieved in the remaining period.

### **REPLY OF THE GOVERNMENT**

National Seismic Programme was started by Government of India for enhancing exploration activities in the country. This programme was formulated to conduct 2D seismic surveys in the sedimentary basins of India to appraise the unappraised areas within a timeframe of 5 years. The program is scheduled to be completed by 2020. Total 48,243 LKM data was identified for acquisition, processing and interpretation (API). Under this broad target, sub-targets were also set for ONGC and OIL. ONGC was given target of 42211 LKM of 2D seismic data and OIL was given target of 6082 LKM.

The implementation of National Seismic Programme is reviewed by a Steering Committee headed by Secretary, MoPNG. 3<sup>rd</sup> meeting of Steering Committee under the chairmanship of Secretary, MoPNG was held on 23.10.2019 where the progress was deliberated at length. NOCs (ONGC & OIL), in the meeting, apprised that 94% of the work assigned to them will be completed by March 2020 barring the areas of Manipur and NC hills having logistic issues and areas of Himalayas, Kutch, SRD, Satpura, Cambay & Narmada which are difficult in terms of carrying out surveys. As

on 31.12.2019, data for 43211.38 Line Kilometre has been acquired which is 89.37% of total target of 48243 Line kilometre.

So far Rs 1645.76 Crore has been released to implementing agencies viz. ONGC and OIL on the recommendation of DGH. The implementation of programme is monitored by DGH. Based on the recommendation of DGH, the budget estimate for the financial year 2019-20 has been revised from Rs 1623.26 crore to Rs 575.00 Crore and out of which Rs 336.03 crore has been released till date and bill amounting Rs 49 Crores is under process at the Ministry. The B.E for the financial year 2020-21 is Rs 417 Crore, which will be utilized to reimburse the NOCs against work done in last quarter of Financial Year 2019-20.

The low utilization of funds allocated is due to difficulties faced by the operators in carrying out seismic survey in logistically in-accessible areas and opposition of the local people. Also, NOCs have reported that funds initially allocated for the programme were over-estimated and the actual expenditure in carrying out surveys is less.

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### **Recommendation No. 8**

#### **National Bio Fuel Fund**

The Committee observe that the National Policy on Biofuels was notified by the Government in 2018 to provide a fillip to the Bio Fuels Programme in the country and the main objective of this programme has been to facilitate appropriate financial and fiscal incentives to both first generation (1G) bio-ethanol and biodiesel fuels and second generation (2G) ethanol and bio-CNG fuels. The Committee have noted that National Bio Fuel Fund has been allotted a token amount of Rs. 1.00 crore budgetary allocation during the current financial year to provide Viability Gap Funding, subsidies and other financial grants for promotion of bio fuels in the country.

The Committee while appreciating the objectives of this Ministry of this National Biofuel Programme except the Government to find solutions to various practical constraints such as lack of adequate supply of ethanol in the Ethanol Blended Programme. They desire that the Government must take advantage of availability of multiple crops in the country for producing various kinds of biofuels from different sources and expedite production of second generation biofuels in order to benefit the farming community in the country. The Committee further desire that production of biofuels in large quantities would certainly go a long way in supplementing the existing convention hydrocarbons and recommend the Ministry to finalize the modalities of the implementation of the programme and keep the programme funded properly so that it can be taken up in mission mode.

### **REPLY OF THE GOVERNMENT**

National Policy on Biofuels-2018, has envisaged production of ethanol from B-molasses, sugarcane juice, biomass in form of grasses , agriculture residues, sugar containing materials like sugar beet , sweet sorghum ,damaged food grains like wheat, broken rice etc. From Ethanol Supply Year (ESY) 2018-19, additional sources

like B-heavy molasses, sugarcane juice, damaged food grains like wheat and rice unfit for human consumption, surplus food grains and fruit and vegetable wastes have been permitted. From the ESY:2019-20, the Government has allowed sugar and sugar syrup as additional sources for making ethanol. All these feed-stocks have been allowed to enhance production of ethanol in the Country.

Further, NPB-2018 has envisaged that during an agriculture crop year when there is projected over supply of food grains as anticipated by the Ministry of Agriculture & Farmers Welfare, the policy will allow conversion of these surplus quantities of food grains to ethanol, based on the approval of National Biofuel Coordination Committee.

A token amount of Rs. 1 crore has already been kept for 2020-21 in National Biofuel Fund and structure and modalities of the fund is being examined by this Ministry.

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**Comments of the Committee**  
**(Please see Para No. 16 of Chapter-I)**

#### **Recommendation No. 10**

#### **Research and Development Activities of Oil PSUs**

The Committee note that research and development activities to invent world class technologies has become imperative to find solutions to both current and future challenges in the oil industry. The Committee also note that rapid depletion of conventional hydrocarbon resources and concerns of climate change have necessitated development of new technologies to enhance energy efficiency, process and technology improvements, use of various non-conventional alternative fuels like hydrogen fuel, bio-fuels and other renewable energy forms. With regard to the budgetary allocations, the Committee observe that allocation for R&D by PSUs has been declining during the last three years from Rs. 650 crore in 2017-18 to Rs. 455 crore in 2018-19. However, the actual expenditure during the year 2017-18 was Rs. 586 crore and during the year 2018- 19 was Rs. 583 crore.

The Committee feel that expenditure on R&D in any sector is indicative of the level of development in that sector and also reveal the zeal for introduction of new technologies to meet the challenges and the way forward. The Committee are convinced that R&D will not only enable the Indian petroleum sector to address the domain specific challenges apparent on the surface but also strengthen its roots with continuous incremental and novel innovations by allowing the new trends to flow from the upstream sector to midstream infrastructure, refinery operations and more importantly in alternative fuel and energy technologies.

The Committee firmly believe that the Government must strengthen R&D spending by oil PSUs by according it the top priority. The Committee strongly recommend that the Government should emphasize on the importance of R&D and the expenditure may be enhanced and also the budgeted expenditure must be spent as per the allocation.

**REPLY OF THE GOVERNMENT**

The % utilization of allocated fund (in Rs. Crore) on R&D by ONGC and OIL during last three years is as follows:

**ONGC**

<b>Year</b>	<b>Budget Estimate</b>	<b>Actual</b>	<b>% Utilisation</b>
<b>2016-17</b>	608	592	97%
<b>2017-18</b>	650	586	90%
<b>2018-19</b>	455	583	128%

**OIL**

<b>Year</b>	<b>Budget Estimate</b>	<b>Actual</b>	<b>% Utilisation</b>
<b>2016-17</b>	60.83	63.42	104%
<b>2017-18</b>	63.16	64.32	102%
<b>2018-19</b>	72.99	86.19	118%

ONGC and OIL have also noted the views of the Committee.

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**Recommendation No. 11****Diversification of Crude Oil Sources**

The Committee note that oil and gas industry as one of the core sectors of the economy plays a dominant role in the country's overall economic development. Currently, the country is dependent on imports for about 83 percent of its crude oil requirements and around 47 percent in case of natural gas. The Committee while observing the economic growth of the country, expect that its growing requirements of domestic energy consumption must be obtained through diversified means of energy options and move beyond traditional oil exporting countries and look for opportunities for oil and gas in various hydrocarbon rich countries.

The Committee observe that the country's crude oil is being imported from Middle East and other regions like Africa, South America, North America, Europe, Eurasia and Australia. The Committee while being satisfied with the present efforts of the Government in diversification of crude sourcing from different regions, are concerned to note that despite this diversification, the country is still dependent on Middle East region for more than two-thirds of its crude oil imports. The Committee, therefore, recommend the Government to reduce its dependence on one single region and be more proactive in diversification of its crude sourcing by encouraging national oil companies to import from other regions as well for overall energy security of the country in the long run.

**REPLY OF THE GOVERNMENT**

Pursuant to the decision taken by the Cabinet on 06.04.2016, the Public Sector Oil Marketing Companies have been accordingly informed that they may formulate

policies for import of crude oil in their best commercial interest and in accordance with the extant guidelines of the Central Vigilance Commission, etc.

PSU OMCs are already diversifying their sources of crude oil. The crude import levels from Middle East have reduced from 83% to 71% currently.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

### **Recommendation No. 12**

#### **LPG Distributorships**

The Committee note that the number of LPG consumers in the country has seen tremendous increase and it is currently about 26.5 crore consumers due to successful implementation of Pradhan Mantri Ujjwala Yojana by providing 8 crore LPG connections during the last five years of which and more than 4.51 crore connections were given during the year 2018-19. This has necessitated that adequate number of LPG distributorships are opened so that the consumers can avail the facilities for refilling of their cylinders in time and without much difficulty. The Committee note that as on 01.10.2019 there are 24127 LPG distributors in the country and OMCs have advertised 6380 LPG distributorships under unified guidelines for selection of LPG distributorship out of which 4152 LPG distributorships have been commissioned during the last three years and current year.

Since commissioning of such distributorships in far-flung areas help in uninterrupted distribution and supply of LPG, the Committee would like to impress upon the Government to give suitable directions to OMCs to complete the process of commissioning of the remaining distributorships at an early date. The Committee note that allotment of LPG distributorships gets affected due to various reasons and therefore, recommend that the procedure in regard to distributorships of LPG be simplified and made easy so as to accomplish the targets in a timely manner and avoid undue delay.

### **REPLY OF THE GOVERNMENT**

Allotment of LPG distributorships involves the process of advertisement, scrutiny of applications, conducting draw among eligible applicants, Field Verification of Credential(FVC) of the candidate selected in draw of lots after which Letter of Intent (LOI) is issued to the candidate successful in FVC. Allotment of LPG distributorships gets affected due to various reasons like complaints, court cases, nil applicants, rejection of candidates during FVC etc. Once the candidate gets rejected during FVC, then re-draw is conducted. This process goes on till the complete list of all eligible candidates for draw is exhausted to give fair justice to all the applicants applied.

Out of 6380 locations advertised under Unified Guidelines for Selection of LPG Distributorships, 4343 has already been commissioned by OMCs as of 01.12.2019.

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O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

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

### **Recommendation No. 13**

#### **Pradhan Mantri JI-VAN Yojana**

The Committee note that Pradhan Mantri JI-VAN Yojana is another scheme for which provision of Rs. 37.87 crore has been made in BE 2019-20. The scheme provides financial support for setting up integrated bio-ethanol projects using lignocellulosic biomass and other renewable feedstock as a tool to create 2G Ethanol capacity in the country and attract investments in this new sector. The Committee further note that under the scheme, approval for 12 commercial projects at the cost of Rs. 1800 crore and 10 demonstration projects at a cost of Rs. 150 crore and Rs. 19.50 crore for CHT as administrative charge totaling Rs. 1956.50 crore for the period 2018-19 to 2023-24 has been granted.

The Committee note that the objectives of the scheme are to establish commercially viable 2G ethanol production projects, providing remunerative income to farmers for their otherwise wasteful agricultural residues, addressing concerns of environmental pollution caused by burning of biomass/agriculture residues and contributing to 'Swachh Bharat Mission' by supporting the aggregation of non-food biofuel feedstocks such as, waste biomass and urban waste, indigenization of second generation biomass to ethanol technologies etc.

The Committee recommends that the Ministry should review the implementation and progress of the commercial and demonstration projects under this scheme periodically and ensure that the different milestones of the scheme are implemented as per the schedule without any time and cost overruns.

### **REPLY OF THE GOVERNMENT**

The Ministry periodically monitors the Programme of 2G Ethanol Projects at all levels including at the level of Minister, P&NG to avoid time and cost overrun of these Projects.

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

### **Recommendation No. 14**

#### **Placement under Skill India**

The Committee note that the initiative called Skill India was launched in 2015 to create convergence across sectors and states in terms of skill training activities. Hydrocarbon Sector Skill Council (HSSC), under Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is executing the scheme in three trades for certifying large number of uncertified manpower engaged with the dealers, distributors and contractors under IOCL, HPCL and BPCL. The Committee note that assessment of 50065 personnel has been completed in the current financial year 2019-20.

The Committee note that Six Skill Development Institutes (SDIs) at Bhubaneswar, Vizag, Kochi, Ahmedabad, Guwahati and Rae Bareilly have been started by IOCL, HPCL, ONGC, OIL and GAIL respectively. In the financial year 2018-19, training

programme to 833 candidates was imparted on HSSC's 12 approved trades, of which 762 candidates were certified and 701 candidates were placed. The Committee note that placement from Skill Development Institutes has been offered to more than 80 percent trained candidates. Considering the capabilities of Oil PSUs, the Committee feel that there is more scope for skill training and placements and therefore, recommend that more number of candidates may be imparted training and more opportunities for placements may be provided to the in these skill development institutes and desire that more skill development institutes may be opened.

### **REPLY OF THE GOVERNMENT**

The Oil and Gas PSUs under MoP&NG have set up six Skill Development Institutes (SDIs) at Bhubaneswar, Vizag, Kochi, Ahmedabad, Guwahati and Rae Bareli have been started by IOCL, HPCL, BPCL, ONGC, OIL and GAIL respectively. The SDIs are imparting skill training since 2016-17. A total number of 12,114 candidates have been trained in these SDIs till date. Since inception, the number of training programs and candidates trained are gradually increasing.

- i. SDI, Visakhapatnam, run by HPCL as lead, has increased the number of candidates trained from 338 during 2016-17 to 4467 during 2019-20 and has imparted skill training to 9451 candidates till Nov '19 conducting various courses under 15 Sector Skill Councils (including HSSC). SDI, Visakhapatnam, apart from the interim campus, have also set up 7 extension centres in adjacent districts of Visakhapatnam in last 3 years.
- ii. SDI, Kochi, run by BPCL as lead, which is imparting training to 360 students per year, expects an increase in number to 2400 per year with commissioning of SDI, Ettumanoor.
- iii. SDI, Bhubaneswar, run by IOCL as lead, has a current capacity of training 400 students per year, which is expected to rise to around 4000 students per year with the new Mega Model Multiskilling Institute coming up at their main campus.
- iv. SDI, Guwahati, run by OIL as lead, imparts skill training to youth of North Eastern region of the country to enhance their employability in hydrocarbon as well as other sectors. During 2018-19, skill training under various 12 trades has been introduced by SDI, Guwahati. More than 80% of the candidates trained have been placed in various organizations across the country.
- v. SDI, Rae Bareli, run by GAIL as lead has increased their training capacity from 60 to 300 trainees during the past two years. GAIL is also running two more Skill Institutes at Guna (MP) and Nagram (AP) with capacity of about 500 candidates per year.

More than 80% of the candidates trained in these SDIs were offered placements. During the FY 2018-19, out of 762 certified candidates, 701 were placed at various companies in the country.

The SDIs have assured that more efforts will be put in to increase the number of skill trainings and employment opportunities. Moreover, the PSUs are working on expanding the skill training infrastructure and setting up more locations and extension training centers to meet the objective.

The Oil and Gas PSUs under MoP&NG have set up six Skill Development Institutes (SDIs) as under:

Sl. No.	Skill Development Institute (SDI) Location	Lead PSU	Focus Area
1	Bhubaneswar	IOCL	Downstream sector
2	Kochi	BPCL	Overseas placement
3	Guwahati	OIL	North East
4	Vishakapatnam	HPCL	Downstream sector
5	Raebareli	GAIL	Midstream & Gas
6	Ahmedabad	ONGC	Upstream sector

The SDIs are imparting skill training since 2016-17. The SDIs have assured that more efforts will be put in to increase the number of skill trainings and employment opportunities. Moreover, the PSUs are working on expanding the skill training infrastructure and setting up more locations and extending training centers to meet the objective.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

## CHAPTER III

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

#### Recommendation No. 9

##### Safety of Oil and Natural Gas Installations

The Committee note that the recent fire incident on 3<sup>rd</sup> September, 2019 at oil processing unit of ONGC at Uran, Mumbai with four fatalities is a grave reminder to the inadequate safety measures and the lackadaisical implementation of safety standards at oil and gas installations in the country. The Committee observe that M.B. Lal Committee constituted in the aftermath of a fire incident in October 2009 at IOCL terminal at Jaipur had recommended comprehensive recommendations with regard to safety guidelines to be followed by oil companies at their installations. However, the Committee are constrained to note that in spite of such recommendations in place, fire incidents such as blasts at GAIL pipeline at Nagaram in East Godavari of Andhra Pradesh on 27<sup>th</sup> June, 2014 and BPCL tank farm at Butcher Island near Mumbai on 06.10.2017 and the recent fire incident at Uran had occurred at oil installations at regular intervals.

The Committee expect the Ministry/PSUs to enforce the safety standards devised by OISD for the overall safety and security of oil installations in the country. Further, safety awareness campaigns and sensitizations of work force with regard to standard operating procedures (SoPs) must be undertaken periodically by all oil PSUs and any deviation of SoPs must be dealt with stringent punishment. Mock drills should be conducted every three months to ensure that the safety gadgets are in working condition and the crew/staff/officers are conditioned adequately for reaction time/practice. The Committee, therefore, recommend that the Ministry should conduct review of safety measures in place in all oil installations and ensure that third-party safety audits are also conducted at periodic intervals to identify weak spots for taking corrective measures.

#### REPLY OF THE GOVERNMENT

Ministry of Petroleum & Natural Gas, Government of India remain committed to ensure that the Oil & Gas installations in the country, that provide energy security to the Nation, remains safe and are given highest priority and focused attention on safety matters. Seniors officers of the Ministry are in the Board of PSU oil companies, which oversees the safety performance of the company and monitor the various initiatives that are taken by the oil companies to ensure safety.

##### **Initiatives being taken by Oil Industry safety Directorate (OISD) to further enhance Safety of Oil and Gas Installations:**

- Conducting annual national level safety seminar with the objective to provide platform for sharing of best practices and new advancements for further enhancing safety.
- Enhancing engagement level with the industry and other stakeholders.
- Compendium of analysis of major accidents in Oil & Gas Industry in last five years and recommendations, which will further help industry to strengthen the safety system.

Safety, health and environmental aspects of the Oil & Gas installations is of paramount importance and concerted effort are being made by the Industry and MoP&NG to maintain high level of safety at oil and gas installations. OISD as technical directorate of MoP&NG remain committed to ensure that safety of vital oil gas installations that provide energy security to the Nation are given highest priority and focused attention that it deserves.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

## CHAPTER IV

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

#### Recommendation No. 2

#### Need to widen the scope of PMUY with more beneficiaries

The Committee note that Pradhan Mantri Ujjwala Yojana (PMUY) is one of the flagship schemes of the Ministry of Petroleum and Natural Gas launched during the year 2015 with the objective of providing five crore LPG connections to women belonging to BPL households over a period of three years starting from the financial year 2016-17. However, the target was revised to eight crore connections by the financial year 2019-20. The Committee note that the Ministry/OMCs have achieved the target of eight crore connections by September, 2019. In this regard, while being satisfied with the performance of the Ministry/OMCs for achieving the stipulated target before time, the Committee remain skeptical about the assessment of the targets. The Committee note that an amount of Rs. 2724 crore has been allocated under this scheme for the current financial year 2019-20. The Committee desire that the Ministry should make more rational and realistic assessment of the situation and fix the targets wisely in order to optimise the resources and enhance their reach. The Committee further, desire that the Ministry/OMCs should not rest on their laurels and recommend that entire funds should be utilised for providing further LPG connections during the current financial year.

The Committee while noting the efforts made by OMCs urge upon the Government to broaden the scheme to cover poor families residing in urban/semi-urban areas within the ambit of PMUY scheme. The Committee therefore, recommend that the Ministry should now endeavour to provide LPG connections to all eligible households.

#### REPLY OF THE GOVERNMENT

Oil Marketing Companies submit duly verified bills by Petroleum Planning and Analysis Cell(PPAC) to the Ministry on quarterly basis for re-imburement after releasing LPG connections under Pradhan Ujjwala Yojana (PMUY). The Government has already achieved the target under PMUY. Year-wise budget allocation viz.-a-viz. utilisation of fund under PMUY are as under:-

Financial Year	Budget allocation (Rs. in crore)	Fund Reimbursed (Rs. in crore)
2016-17	2,500	2,500
2017-18	2,251	2,251
2018-19	3,200	3,200
2019-20	2,724*	2,724

\*In addition to Budget Estimates of Rs. 2,724 crore in the Financial Year 2019-20, Ministry of Finance has also made an additional amount of Rs. 1,000 crore for PMUY

in the Revised Estimated for the year 2019-20 against the demand of Rs. 2118 crore.

Release of LPG connection is a continuous process and LPG distributors are under instructions to immediately register any request for new LPG connection.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

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

### **Recommendation No. 3**

#### **Need to incentivize PMUY beneficiaries to increase refills of LPG cylinders**

The Committee note that the Ministry/PSUs have increased the LPG coverage in the country to over 90 percent with the implementation of PMUY scheme. The Committee further note that the national average refill of domestic LPG cylinders by consumers is 6.25 cylinders per year. However, it is observed that the average refill of LPG cylinders by PMUY beneficiaries is 3.08 cylinders during the last one year. The Committee have been informed that the low refill average by PMUY beneficiaries could be due to adjustment of behavioral changes and less demand. Considering the economic background of PMUY beneficiaries, the Committee opine that higher pay out of cash of Rs. 650/- for a 14.2 Kg cylinder could also be a reason for lower refill average. In order to fulfill the intention of the scheme and to increase the use of LPG, the Committee recommend that the Ministry should consider a separate scheme with higher subsidy so that the LPG cylinders become affordable to PMUY beneficiaries. The Committee also desire that the Government/PSUs should introduce smaller sizes of LPG cylinders like 2kg, 3kg and 5kg to encourage PMUY beneficiaries to increase the use of LPG cylinders and achieve the purpose of the scheme in letter and spirit. Furthermore, the Government should ensure that the pricing of these packages is in consonance with the 14.2 kg cylinder at the rate of Rs. 650.

#### **REPLY OF THE GOVERNMENT**

In order to make the LPG cylinders more affordable to PMUY beneficiaries, the Government has revised the subsidy Scheme. The current (January, 2020) effective price of one 14.2 Kg LPG cylinder at Delhi for PMUY beneficiary is Rs. 535.34. Further, PMUY customers have also been given an option to avail LPG connections with 5 Kg cylinder as well as an option to swap from 14.2 Kg to 5 Kg cylinders.

Ministry of Petroleum & Natural Gas  
O.M.No.G-38011/36/2019-Fin.I dated 9<sup>th</sup> March, 2020

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

**CHAPTER V**

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

**-Nil-**

**New Delhi;  
5 February, 2020  
16 Magha, 1942 (Saka)**

***RAMESH BIDHURI,***  
***Chairperson,***  
***Standing Committee on***  
***Petroleum & Natural Gas.***

**MINUTES**  
**STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS**  
**(2020-21)**

**EIGHTH SITTING**  
**(05.02.2021)**

The Committee sat on Friday, the 5 February, 2021 from 1400 hrs. to 1430 hrs. in Committee Room No. '3', PHA Extn. Building, Block-A, New Delhi.

**PRESENT**

**Shri Ramesh Bidhuri - Chairperson**

**MEMBERS**

**LOK SABHA**

2. Smt. Chinta Anuradha
3. Shri Girish Chandra
4. Shri Rodmal Nagar
5. Shri Unmesh Bhaiyyasaheb Patil
6. Shri Chandra Sekhar Sahu
7. Shri Janardan Singh Sigriwal
8. Shri Lallu Singh
9. Shri Vinod Kumar Sonkar
10. Shri Ajay Tamta
11. Shri Rajan Baburao Vichare

**RAJYA SABHA**

12. Shri Narain Dass Gupta
13. Smt. Kanta Kardam
14. Shri Kanakamedala Ravindra Kumar
15. Dr. Bhagwat Karad

**SECRETARIAT**

1. Smt. Abha Singh Yaduvanshi - Additional Secretary
2. Shri H. Ram Prakash - Director
3. Shri Vinay Pradeep Barwa - Deputy Secretary
4. Shri Mohan Arumala - Under Secretary

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 First Report (17<sup>th</sup> Lok Sabha) on 'Demands for Grants (2019-20) of MoP&NG' and adopted the same without any modifications.

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

4. The Committee then authorised the Chairperson to present/lay the Reports 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 FIRST REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2019-20) ON 'DEMAND FOR GRANTS (2019-20)'.*

I	<u>Total No. of Recommendations</u>	14
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations Nos. 1, 4, 5, 6, 7, 8, 10, 11, 12, 13 and 14)	11
	Percentage to Total	78.58%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's (Vide Recommendations No. 9)	1
	Percentage of Total	7.14%
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations Nos. 2 and 3)	2
	Percentage of Total	14.28%
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendations Nos. Nil)	Nil
	Percentage of Total	0