



**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 Fifth Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2020-21) on Demands for Grants (2021-22)]

SEVENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2021/Shravana, 1943 (Saka)

CP&NG NO.

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Presented to Lok Sabha on 06.08.2021

Laid in Rajya Sabha on 06.08.2021



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2021/Shravana, 1943 (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 Seventh Report on Action Taken by the Government on the recommendations contained in the Fifth Report (Seventeenth Lok Sabha) of the Committee on 'Demands for Grants (2021-22)'.

2. The Fifth Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha on 10.03.2021. The Action Taken Replies of the Government to all the recommendations contained in the Fifth Report were received on 21.06.2021.

3. The Standing Committee on Petroleum & Natural Gas (2020-21) considered and adopted the Report at their sitting held on 04.08.2021.

4. An analysis of the action taken by the Government on the recommendations contained in the Fifth 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 August, 2021
14 Shrawana, 1943 (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 Fifth Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2020-21) on "Demands for Grants (2021-22) of the Ministry of Petroleum and Natural Gas", which was presented to Lok Sabha and laid in Rajya Sabha on 10.03.2021.

2. Action Taken Notes have been received from the Ministry on 21.06.2021 in respect of all the 19 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, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19 (Total - 18)

(Chapter- II)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:- Nil

(Chapter- III)
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- Nil

(Chapter- IV)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:- Reco. No. 8 (Total-1)

(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. 2

Asset Monetization Programme

5. The Committee had recommended as under:

"The Committee have been informed that core infrastructure assets of GAIL, IOCL and HPCL namely Oil and Gas Pipelines will be rolled out under the Asset Monetization Programme. The asset monetization is estimated to be completed in a period of 12-18 months after obtaining the approval of competent authority. The 5th meeting of Core Group of Secretaries on Asset Monetization (CGAM) was held under the chairmanship of Cabinet Secretary on 8th February, 2021. The Committee note that target of Rs. 17,000 crore for FY 2022 will be realized under this programme.

The Committee hope that monetization is one of the alternative mechanism for raising funds by PSUs to fund their projects. The Committee are of the opinion that such a programme will help in achieving the full potential of the assets available with the oil PSUs. However, they would like that a transparent mechanism and modalities be worked out for full discovery of the prices of the underlying assets. The Committee recommend the Ministry that the process should be carried out in a time bound manner by consulting all the stakeholders".

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

"As per review undertaken by Finance Minister after Budget announcements, a target of 17,000 crore has been given to this Ministry under Asset Monetization Programme. After due diligence, Assets of IOCL, GAIL & HPCL were identified. Accordingly, HPCL, IOCL & GAIL have started working towards achieving the target. The progress is being monitored from time to time by Ministry of Finance".

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

Comments of the Committee

7. The Committee in their original report had recommended that the process of Asset Monetization Programme should be carried out in a time bound manner by consulting all the stakeholders so as to enable full discovery of the prices of the assets. The Committee note that work has begun on the Asset Monetization Programme and the assets of IOCL, GAIL & HPCL have been identified. Accordingly, these companies have started working towards achieving the target. Further the progress is being monitored from time to time by the Ministry of Finance. The Committee hope that the process would be carried out and completed in a time bound manner in consonance with the intention of the recommendation of the Committee so that the exchequer get proper value for their assets.

Recommendation No. 3

Independent Gas Transport System Operator

8. The Committee had recommended as under:

"The Committee note that the Government has made announcement for setting up of an independent Gas Transport System Operator for facilitation and coordination of booking of common carrier capacity in all-natural, gas pipelines on a non-discriminatory open access basis in the budget. The Committee feels that the decision to set up such an independent operator will meet the longstanding demand from industry to separate content and carriage and therefore remove the advantage enjoyed by state-run gas marketer.

The Committee opines that with the establishment of an independent operator, all gas marketers will have level playing field with equal and transparent access to the common carrier part of the gas pipelines and will be able to book capacity depending on its availability. The Committee therefore, recommend that the process of setting up an independent gas transport operator should be carried out by taking all the stakeholders into confidence in a time bound manner".

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

"With the approval of competent authority, and after the inter-ministerial consultations, CEE note for creation of independent TSO has been sent to CEE headed by Secretary, Expenditure for consideration.

This Ministry vide O.M. dated 24.5.2021 has sought convenience of Secretary (Expenditure) for holding CEE members meeting on the subject proposal".

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

Comments of the Committee

10. The Committee in its report had recommended that process of setting up an independent gas transport operator should be carried out by taking all the stakeholders into confidence in a time bound manner. They note that after the inter-ministerial consultations and a CEE note for creation of independent TSO has been sent to CEE headed by Secretary, Expenditure for consideration. The Ministry has sought convenience of Secretary (Expenditure) for holding CEE members meeting on the subject proposal vide their O.M. dated 24.05.2021. The Committee find that the response of the Ministry have been received on 23.06.2021 and even after a lapse of one month of the intimation to Secretary (Expenditure) the CEE meeting for setting up independent gas transport operator is yet to be held. The Committee clearly visualize the non-seriousness in the matter and reiterate their earlier recommendation and state that the MoPNG should pursue the matter vigorously.

Recommendation No. 5

Pradhan Mantri Ujjwala Yojana (PMUY)

11. The Committee had recommended as under:

"The Committee note that a provision of Rs. 1118 Cr. was made for PMUY in 2020-21 and Rs. 960.34 cr has already been utilized till 21.01.2021. Further, the target of release of 8 crore connections to poor households under PMUY was already achieved by September, 2019. The Committee further note that an addition of one crore new LPG connections has been announced in the budget under PMUY for the FY 2021-22. However, no budgetary provision has been made for the financial year 2021-22. The Committee have been apprised that the Ministry is in the process of finalizing modalities to implement one crore LPG connections by 15th March 2021.

The Committee also note that during the Covid-19 pandemic, a scheme was implemented for providing free of cost LPG cylinders for three months to PMUY beneficiaries w.e.f.01.04.2020 under Pradhan Mantri Garib Kalyan Yojana (PMGKPY) and the same was extended upto December, 2020 for those PMUY beneficiaries who were credited with the advances for buying cylinders but were not able to buy free cylinders within the stipulated time. The Committee appreciate this decision as a much needed welfare measure during the pandemic to help the PMUY beneficiaries.

Further, the Committee while welcoming the announcement of 1 crore more connections under PMUY, expect the Ministry to devise the required modalities at the earliest so that the scheme will be implemented for the new beneficiaries within the stipulated deadline of March, 2022. The Committee recommend the Ministry to include women beneficiaries of poor households including the general category living in urban/rurban areas so as to make the PMUY benefit all strata of the society.

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

"The modalities for releasing 1 crore LPG connections under Pradhan Ujjwala Yojana (PMUY) in addition to 8 crore LPG connections already released under the Scheme have already been finalised and have been communicated to Oil Marketing Companies (OMCs). Women beneficiaries of poor households of all sectors of the society living in urban/rurban/rural areas are eligible as per the approved modalities. Further, releasing of LPG connections under the Scheme will be commenced by OMCs shortly".

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

Comments of the Committee

13. The Committee in its report has welcomed the budget announcement of 1 crore connections under PMUY in the next one year and had expected the Ministry to devise the modalities at the earliest. They had also recommended that women beneficiaries of poor households of all categories living urban/rurban should be included. The Committee are satisfied to note that the modalities for releasing 1 crore LPG connections under Pradhan Ujjwala Yojana (PMUY) in

addition to 8 crore LPG connections already released under the Scheme were finalised and communicated to Oil Marketing Companies (OMCs). Women beneficiaries of poor households of all sectors of the society living in urban/rurban/rural areas are eligible as per the approved modalities. The Committee note that it is now for the OMCs to release the LPG connections under the Scheme. They therefore, urge the release of connections to the beneficiaries urgently and expect the Ministry to monitor and implement the scheme before the stipulated deadline of March, 2022. The Committee may be kept abreast of the development in the matter.

Recommendation No. 6

Indian Strategic Petroleum Reserves Limited (ISPRL)

14. The Committee had recommended as under:

"The Committee, note that a budgetary provision of Rs. 210 crore has been made for ISPRL Phase-II for the FY 2021-22, for establishing 6.5 MMT strategic petroleum reserves at two locations Chandikhol (4 MMT) in Odisha and at Padur (2.5 MMT) in Karnataka under PPP model with an approximate coverage of crude oil for 21 days. The process of land acquisition for both the may be initiated at the earliest in coordination with the authorities of the two State Governments. Further, an International Request for Proposal (RFP) was floated for global prospective investors to participate in Phase 2 of SPR projects under Public Private Partnership (PPP) mode. In this regard, the Committee have been intimated that during a review meeting held on 16th November 2020 on monetization of assets of the Ministry of Petroleum and Natural Gas under the chairmanship of CEO, NITI Aayog, it was agreed that the proposal would be submitted to Public Private Partnership Appraisal Committee (PPAC) for evaluation and review for onward approval of the same by the Cabinet. Thereafter, revised RFP documents were submitted to DEA in the month of December, 2020 with a request to hold the PPAC meeting expeditiously. The Committee desires that PPAC should be held at the earliest so as to expedite the process of evaluation of participation of investors in 2nd phase of SPR projects.

The Committee also noted that due to the outbreak of Covid -19 pandemic and the subsequent downturn in global crude oil prices, the Government had allocated extra funds during the FY 2020-21 to fill up three strategic petroleum reserves of Mangalore, Padur and Vishakhapatnam of Phase-I in the months of April and May, 2020 thereby making substantial saving to the Govt. of India.

The Committee while appreciating the financially prudent decision of the Government to fill up SPR's with cheaper crude oil, recommend that the Ministry must remain proactive towards establishing ISPRL Phase- II projects for ensuring overall energy security of the country. The committee may be apprised of the progress in this regard".

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

"The Union Cabinet on 27th June, 2018 gave "In Principle" approval for establishing 6.5MMT Strategic Petroleum Reserves at two locations Chandikhol (4 MMT) in Odisha and at Padur (2.5 MMT) Karnataka including dedicated SPM's for the two SPR's.

Subsequent to the approval by Cabinet, MoPNG advised Govt. of Odisha and Karnataka intimating them about Cabinet decisions and requesting them to initiate steps for land acquisition.

Request for Quotation (RFQ) documents and broad terms of concession agreement were prepared in consultation with NITI Aayog and DEA. In this regard, a review meeting was held on 16th November 2020 on monetization of assets of the Ministry of Petroleum and Natural Gas under the chairmanship of CEO, NITI Aayog, it was agreed that the proposal would be submitted to Public Private Partnership Appraisal Committee (PPAC) for evaluation and review for onward approval of the same by the Cabinet. Revised RFP documents for Phase 2 were submitted to DEA in December 2020. Queries received from DEA, NitiAayog and DoE in Feb and March 2021, were responded. Finally, PPPAC meeting was held on 15th March 2021 to deliberate on the RFP and Concessionaire Agreement documents.

The present status of SPRs is given below:

Chandikhol

Application for land allotment for Chandikhol project has been submitted to IDCO (Industrial Infrastructure Development Corporation), Odisha in September 2019. Regular follow-up and meetings with State Government are being conducted. A meeting was held by Principal Secretary Industries, Govt. of Odisha with MoPNG, ISPRL and senior officials from IDCO and IPICOL (Industrial Promotion & Investment Corporation of Odisha Limited) on 24th December 2020 to expedite the issue of land allotment for Chandikhol project. As per the discussions during the meeting, ISPRL took up the matter with ASI (Archaeological Survey of India), Bhubaneswar Circle for evaluating the presence of archaeological remains, if any in the vicinity of the site. ASI after a detailed survey confirmed that there are no archaeological remains in and around the proposed site and report of the same was shared with the Principal Secretary. Further, now Govt. of Odisha is evaluating the application for land allotment for the Chandikhol Project.

Padur

Application for the land allotment has been submitted to KIADB (Karnataka Industrial Areas Development Board). Further the cadastral survey for land has been completed at Padur and report has been submitted to DC Udipi. KIADB has issued preliminary notification in January 2021 for land acquisition. On request of KIADB, an advance payment of Rs.98.17 Crores has been made to KIADB towards land acquisition cost of 210 acres of land at Padur and Kalathur village.

Comments of the Committee

16. The Committee had recommended that the Ministry must remain proactive towards establishing ISPRL Phase- II projects for ensuring overall energy security of the country and to be apprised of the progress in this regard. In this regard, the Ministry in their reply have informed that with respect to the Chandikhol Project the Government of Orissa is evaluating the application for land for the project. In the case of Padur, an advance payment of Rs.98.17 Crores has been made to KIADB (Karnataka Industrial Areas Development Board) towards land acquisition cost of 210 acres of land at Padur and Kalathur village. The Committee urge the Ministry to impress upon the State Governments of Odisha and Karnataka the importance of these projects so that all the impediments are cleared and the ISPRL Phase-II projects are completed expeditiously under intimation to the Committee.

Recommendation No. 15

Pricing of Petrol and Diesel

17. The Committee had recommended as under:

"The Committee observe that the issue of increasing prices of petrol and diesel in recent months has become a matter of concern for both policy makers and end consumers alike. Further, despite the considerable downturn in global crude oil prices during the initial period of COVID- 19 pandemic, the prices of retail fuels have not been reduced due to the increase in taxes by both the Central and the State Governments. With regard to the rising prices of fuels, the Committee have learnt that around 36% of the fuel price has been paid as excise duty and 23% to 28% as VAT by OMCs to the Government. Further, 3% to 4% has been paid as commission to dealers by oil companies. The committee has been apprised the OMCs do not earn more than one rupee profit per litre and out of this, OMC would also distribute some portion as dividend to their shareholders.

In view of the above, the Committee strongly feel that the existing tax regime comprising excise duty by the Central Government and Value Added Taxes by State Governments has been the main factors for increasing the burden on consumers. The committee while understanding the significance of retail fuels as major source of revenue generation for both the Centre and State Governments particularly during the early phase of pandemic emphasize that the Central and State Governments cannot afford to be oblivious to the impact of rising prices of auto fuels on inflation in the country. The Committee, therefore, recommend that both the Central Government and State Governments must come forward for consultations to reduce taxation in tandem so that consumers will be benefitted by lower prices of auto fuels".

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

"The prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements. The OMCs have not only increased but also decreased the prices of petrol and diesel in line with changes in international prices and rupee dollar exchange rate.

The Public Sector Oil Marketing Companies (OMCs) implemented daily revision of retail selling price of petrol and diesel in the entire country with effect from 16th June, 2017. Daily price revisions of petrol and diesel make the retail prices more reflective of the current market conditions, minimizing the volatility in the retail selling price of petrol and diesel. Also, it leads to increased transparency in the system and enables smoother flow of products from refinery/ depots to Retail Outlets.

The taxes are imposed for meeting the budgetary requirement of Government at the Centre and State Government level in order to generate resources for infrastructure and other developmental items of expenditure keeping in view the present fiscal position. Taxes are increased or decreased depending on several factors like requirement of the Government, market situation etc."

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

Comments of the Committee

19. The Committee in its report had recommended that both Central and State Governments must come forward to consultations to reduce taxation in tandem so that consumers will be benefitted by lower prices of auto fuels. The Committee note from the Ministry's reply the various factors determining the pricing of petrol and diesel and also the need for imposition of taxes to meet the budgetary requirement of both the Centre and State Governments to generate resources for infrastructure and other developmental items of expenditure. However, while acknowledging that taxes are imposed to generate resources for infrastructure and other developmental items of expenditure, the Committee are of the view that the high petrol and diesel prices burden the consumers and it has an inflationary effect on the economy too. Coupled with the problem of COVID-19 Pandemic, the rising auto fuel prices during the last few months is a cause of concern for the average consumer. The Committee, therefore, reiterate their recommendation that both the Central Government and State Governments must come forward for consultations to reduce taxation on auto fuels in tandem so that ultimately consumers will be benefitted by lower prices.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

Analysis of Budgetary Allocations

The Committee observe that the total budgetary outlay for the BE 2021-22 is Rs.15943.78 cr as against Rs. 42901.00 cr of BE 2020-21. In respect of DBT for LPG for the Year 2021-22, Rs. 12480.00 has been allocated as against Rs.35605.00 of the BE 2020-21. With regard to Phulpur Dhamra Haldia Pipeline Project, an amount of Rs.250.00 cr. has been allocated for the BE 2021-22 as against Rs.728.03 cr of the BE 2020-21. For the scheme of Pradhan Mantri Ji-VAN Yojana, an allocation of Rs.233.31cr has been made as compared to Rs. 53.00 cr of the BE 2020-21. Further, as far as the scheme for LPG connections to poor households (PMUY) is concerned, no budgetary provision has been made during the BE 2021-22 as compared to Rs. 1118 cr of the previous BE of 2020-21. For the construction of the permanent campus of IPE at Visakhapatnam, Rs. 95 cr has been provided during the BE 2021-22 as compared to Rs.31.82 cr of the previous 'BE of 2020-21. In respect of the payment to ISPRL for of phase-II caverns, Rs.210 cr has been made during the BE 2021-22 as against Rs.10.00 cr of the BE 2020 21. The Committee also note that Rs.1078.35 cr has been provided for the new budgetary head i.e. Feedstock Subsidy to BCPL/Assam Gas Cracker Complex for the BE 2021-22. Further, for a new scheme Indradhanush Gas Grid Limited (IGGL)-Part of the North East Natural Gas Pipeline Grid, an allocation of Rs. 500.00 cr has been allocated for the. BE2021-22.

The Committee also note that the Government has also made some new announcements in the budget such as asset monetization of oil and gas pipelines of GAIL, IOCL and HPCL, additional incorporation of one crore beneficiaries to PMUY, expansion of 100 more districts to CGD network, launching a natural gas pipeline projects in the union territory of Jammu & Kashmir and also setting up of an independent gas transport systemoperator.

The Committee have been-apprised that the reasons for drastic reduction in the overall outlay of the BE 2021-22 have been primarily due to low LPG subsidy as a result of falling crude oil prices In the global market and also due to the clearance of reimbursement component of the LPG subsidy by the Ministry (!) OMCs for the previous financial year 2020-21. The Committee while welcoming the new budgetary announcements of the Government for the BE 2021-22, desire that the Ministry must make full utilization of the allocations made for existing schemes and new programmes / schemes. Further, the Committee recommend that the Ministry should seek addition al funds at RE 2021-22 for the new announcements made during the Budget including for addition of one crore beneficiaries under the UjjwalaYojana as by that time the nitty gritty of their implementation may have been worked out.

REPLY OF THE GOVERNMENT

Observations of the Committee have been noted.

Pradhan MantriUjjwalaYojna was approved by the Cabinet upto FY 2019-20. During the FY 2020-21 Rs. 1118 Crore was provided for to pay unpaid carry forward expenses. Meanwhile, Govt decided to provide free cylinders to PMUY beneficiary as a part of Pradhan MantriGaribKalyanYojna Scheme attempting to give benefit during Covid 19 situation. Since the notification of the scheme happened after budget process, financial sanction for the scheme were obtained during FirstSupplementary.

Every attempt will be made for full utilization of the allocations made for existing schemes and due process, as followed in past, will be followed for seeking additional funds for the new announcements made during the Budget.

It is endeavor of the Ministry to attempt to match the budgetary requirement of schemes notified under Ministry of Petroleum & Natural Gas with provisioning/seeking additional funds from M/o Finance on need basis from time to time.

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Recommendation No. 2

Asset Monetization Programme

The Committee have been informed that core infrastructure assets of GAIL, IOCL and HPCL namely Oil and Gas Pipelines will be rolled out under the Asset Monetization Programme. The asset monetization is estimated to be completed in a period of 12-18 months after obtaining the approval of competent authority. The 5th meeting of Core Group of Secretaries on Asset Monetization (CGAM) was held under the chairmanship of Cabinet Secretary on 8th February, 2021. The Committee note that target of Rs. 17,000 crore for FY 2022 will be realized under this programme.

The Committee hope that monetization is one of the alternative mechanism for raising funds by PSUs to fund their projects. The Committee are of the opinion that such a programme will help in achieving the full potential of the assets available with the oil PSUs. However, they would like that a transparent mechanism and modalities be worked out for full discovery of the prices of the underlying assets. The Committee recommend the Ministry that the process should be carried out in a time bound manner by consulting all the stakeholders.

REPLY OF THE GOVERNMENT

As per review undertaken by Finance Minister after Budget announcements, a target of 17,000 crore has been given to this Ministry under Asset Monetization Programme. After due diligence, Assets of IOCL, GAIL & HPCL were identified. Accordingly, HPCL, IOCL & GAIL have started working towards achieving the target. The progress is being monitored from time to time by Ministry of Finance.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

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

Recommendation No. 3

Independent Gas Transport System Operator

The Committee note that the Government has made announcement for setting up of an independent Gas Transport System Operator for facilitation and coordination of booking of common carrier capacity in all-natural, gas pipelines on a non-discriminatory open access basis in the budget. The Committee feels that the decision to set up such an independent operator will meet the longstanding demand from industry to separate content and carriage and therefore remove the advantage enjoyed by state-run gas marketer.

The Committee opines that with the establishment of an independent operator, all gas marketers will have level playing field with equal and transparent access to the common carrier part of the gas pipelines and will be able to book capacity depending on its availability. The Committee therefore, recommend that the process of setting up an independent gas transport operator should be carried out by taking all the stakeholders into confidence in a time bound manner.

REPLY OF THE GOVERNMENT

With the approval of competent authority, and after the inter-ministerial consultations, CEE note for creation of independent TSO has been sent to CEE headed by Secretary, Expenditure for consideration.

This Ministry vide O.M. dated 24.5.2021 has sought convenience of Secretary (Expenditure) for holding CEE members meeting on the subject proposal.

Ministry of Petroleum & Natural Gas
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**Comments of the Committee
(Please see Para No. 10 of Chapter-I)**

Recommendation No. 4

DBT for Kerosene

The committee appreciate the successful implementation of DBTK scheme for initiating reforms in allocation and distribution of PDS Kerosene to stop pilferage of subsidy and reduce the outflow of Central subsidy on kerosene to States/UTs. The scheme was in operations for 4 years till 2020 and is now discontinued.

The committee while noting the significance of the rationalization of usage of kerosene observe that only three states i.e. Punjab, Haryana and Andhra Pradesh have become kerosene free till date and large segments of populations in various states in the country are still dependent upon kerosene for cooking and household lighting purposes. The committee, therefore, while emphasizing the need for increasing the universal coverage of LPG as a cleaner fuel for public health, urge the Government to ensure the optimum availability of non-subsidized kerosene in open market for rural household consumers. Further, the committee also recommend that the Government must make more focused efforts in tandem with the State Governments to expand LPG coverage in rural areas so that the dependence on Kerosene can be reduced altogether in the long run.

REPLY OF THE GOVERNMENT

Direct Benefit Transfer in PDS Kerosene (DBTK) Scheme was launched with effect from 01.04.2016 and was applicable for 4 years i.e. upto F.Y 2019- 20. Under DBTK scheme, States/UTs are encouraged to become 'Kerosene Free' by switching over to LPG and undertake voluntary cut in their PDS Kerosene allocation. States/UTs of Karnataka, Telangana, Haryana, Nagaland, Bihar, Gujarat, Rajasthan, Maharashtra, Goa, Andhra Pradesh, Chandigarh, Puducherry and Uttar Pradesh have undertaken voluntary cut. Further, States/UTs of Haryana, Punjab, Andhra Pradesh, Delhi, Chandigarh, Daman & Diu, Dadar & Nagar Haveli, Andaman & Nicobar Island, Puducherry and Rajasthan have become 'Kerosene Free'.

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Recommendation No. 5

Pradhan Mantri Ujjwala Yojana (PMUY)

The Committee note that a provision of Rs. 1118 Cr. was made for PMUY in 2020-21 and Rs. 960.34 cr has already been utilized till 21.01.2021. Further, the target of release of 8 crore connections to poor households under PMUY was already achieved by September, 2019. The Committee further note that an addition of one crore new LPG connections has been announced in the budget under PMUY for the FY 2021-22. However, no budgetary provision has been made for the financial year 2021-22. The Committee have been apprised that the Ministry is in the process of finalizing modalities to implement one crore LPG connections by 15th March 2021.

The Committee also note that during the Covid-19 pandemic, a scheme was implemented for providing free of cost LPG cylinders for three months to PMUY beneficiaries w.e.f. 01.04.2020 under Pradhan Mantri Garib Kalyan Yojana (PMGKAY) and the same was extended upto December, 2020 for those PMUY beneficiaries who were credited with the advances for buying cylinders but were not able to buy free cylinders within the stipulated time. The Committee appreciate this decision as a much needed welfare measure during the pandemic to help the PMUY beneficiaries.

Further, the Committee while welcoming the announcement of 1 crore more connections under PMUY, expect the Ministry to devise the required modalities at the earliest so that the scheme will be implemented for the new beneficiaries within the stipulated deadline of March, 2022. The Committee recommend the Ministry to include women beneficiaries of poor households including the general category living in urban/rurban areas so as to make the PMUY benefit all strata of the society.

REPLY OF THE GOVERNMENT

The modalities for releasing 1 crore LPG connections under Pradhan Ujjwala Yojana (PMUY) in addition to 8 crore LPG connections already released under the Scheme have already been finalised and have been communicated to Oil Marketing Companies (OMCs). Women beneficiaries of poor households of all sectors of the society living in urban/rurban/rural areas are eligible as per the approved modalities. Further, releasing of LPG connections under the Scheme will be commenced by OMCs shortly.

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

Recommendation No. 6

Indian Strategic Petroleum Reserves Limited (ISPRL)

The Committee, note that a budgetary provision of Rs. 210 crore has been made for ISPRL Phase-II for the FY 2021-22, for establishing 6.5 MMT strategic petroleum reserves at two locations Chandikhol (4 MMT) in Odisha and at Padur (2.5 MMT) in Karnataka under PPP model with an approximate coverage of crude oil for 21 days. The process of land acquisition for both the may be initiated at the earliest in coordination with the authorities of the two State Governments. Further, an International Request for Proposal (RFP) was floated for global prospective investors to participate in Phase 2 of SPR projects under Public Private Partnership (PPP) mode. In this regard, the Committee have been intimated that during a review meeting held on 16th November 2020 on monetization of assets of the Ministry of Petroleum and Natural Gas under the chairmanship of CEO, Niti Aayog, it was agreed that the proposal would

be submitted to Public Private Partnership Appraisal Committee (PPAC) for evaluation and review for onward approval of the same by the Cabinet. Thereafter, revised RFP documents were submitted to DEA in the month of December, 2020 with a request to hold the PPAC meeting expeditiously. The Committee desires that PPAC should be held at the earliest so as to expedite the process of evaluation of participation of investors in 2nd phase of SPR projects.

The Committee also noted that due to the outbreak of Covid -19 pandemic and the subsequent downturn in global crude oil prices, the Government had allocated extra funds during the FY 2020-21 to fill up three strategic petroleum reserves of Mangalore, Padur and Vishakhapatnam of Phase-I in the months of April and May, 2020 thereby making substantial saving to the Govt. of India.

The Committee while appreciating the financially prudent decision of the Government to fill up SPR's with cheaper crude oil, recommend that the Ministry must remain proactive towards establishing ISPRL Phase- II projects for ensuring overall energy security of the country. The committee may be apprised of the progress in this regard.

REPLY OF THE GOVERNMENT

The Union Cabinet on 27th June, 2018 gave "In Principle" approval for establishing 6.5MMT Strategic Petroleum Reserves at two locations Chandikhol (4 MMT) in Odisha and at Padur (2.5 MMT) Karnataka including dedicated SPM's for the two SPR's.

Subsequent to the approval by Cabinet, MoPNG advised Govt. of Odisha and Karnataka intimating them about Cabinet decisions and requesting them to initiate steps for land acquisition.

Request for Quotation (RFQ) documents and broad terms of concession agreement were prepared in consultation with NitiAayog and DEA. In this regard, a review meeting was held on 16th November 2020 on monetization of assets of the Ministry of Petroleum and Natural Gas under the chairmanship of CEO, NITI Aayog, it was agreed that the proposal would be submitted to Public Private Partnership Appraisal Committee (PPAC) for evaluation and review for onward approval of the same by the Cabinet. Revised RFP documents for Phase 2 were submitted to DEA in December 2020. Queries received from DEA, NITI Aayog and DoE in Feb and March 2021, were responded. Finally, PPPAC meeting was held on 15th March 2021 to deliberate on the RFP and Concessionaire Agreement documents.

The present status of SPRs is given below:

Chandikhol

Application for land allotment for Chandikhol project has been submitted to IDCO (Industrial Infrastructure Development Corporation), Odisha in September 2019. Regular follow-up and meetings with State Government are being conducted. A meeting was held by Principal Secretary Industries, Govt of Odisha with MoPNG, ISPRL and senior officials from IDCO and IPICOL (Industrial Promotion & Investment Corporation of Odisha Limited) on 24th December 2020 to expedite the issue of land allotment for Chandikhol project. As per the discussions during the meeting, ISPRL took up the matter with ASI (Archaeological Survey of India), Bhubaneswar Circle for evaluating the presence of archaeological remains, if any in the vicinity of the site. ASI after a detailed survey confirmed that there are no archaeological remains in and around the proposed site and report of the same was shared with the Principal Secretary. Further, now Govt of Odisha is evaluating the application for land allotment for the Chandikhol Project.

Padur

Application for the land allotment has been submitted to KIADB (Karnataka Industrial Areas Development Board) . Further the cadastral survey for land has been completed at Padur and report has been submitted to DC Udipi. KIADB has issued preliminary notification in January 2021 for land acquisition. On request of KIADB, an advance payment of Rs.98.17 Crores has been made to KIADB towards land acquisition cost of 210 acres of land at Padur and Kalathurvillage.

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

Recommendation No. 7**Rajiv Gandhi Institute of Petroleum and Technology (RGIPT) Centre**

The Committee note that for setting up of RGIPT at Sivasagar, Assam, a budgetary provision of Rs.1 cr. each had been made in BE 2020-21 and BE 2019-20. However, the allocated fund has not been utilized as actual expenditure in 2019-20 has been shown 'nil'. Similarly, during the current year 2020-21, the actual expenditure till now is 'nil' and for the FY 2021-22 an amount of Rs.32 crore have been allocated.

The Committee note that though the Assam Government has already allotted 100 acres land for the construction of the permanent campus of RGIPT at Sivasagar, but a full-fledged campus has not been developed on the ground till date. The Committee have noted that an amount of Rs.50.28 crores have been sanctioned to CPWD for infrastructural facilities like hostels, sewer lines, internal roads, firefighting systems etc. for which the work is to begin in January, 2021.

The Committee while decrying the inordinate delay for constructing the permanent campus RGIPT at Sivasagar, recommend the Ministry to take up the matter with CPWD at the highest level so that the construction of the same is expedited on priority basis and a full-fledged campus becomes a reality. This would facilitate emergence of RGIPT, Sivasagar as Skill Development Centre for entire north eastern region in petroleum and petrochemical domains.

REPLY OF THE GOVERNMENT

The recommendations of the Committee are noted for compliance. It is stated that the Institute is running academic programmes from its own campus from 2018 and progressively improving its infrastructure over the years, which include buildings, equipment, books etc. from funds received as contribution from Oil Companies. Budgetary Allocations have been made for Capital Expenditure and contribution to Corpus Fund, the other contributors being OMC's. Since, the modalities of setting up new organisation is awaiting Cabinet approval, these provisions are not released. As soon as the approvals are received, the necessary funds shall be sought from Ministry of Finance.

The following construction works have been awarded to CPWD in the year 2020:

Sl. No.	Particulars of construction works	Estimated cost (Rs. in crore)
1	Dining Hall 1 nos	2.52

2	Girls Hostel 1 nos	2.86
3	Boundary wall and gates and SITC of boundary light	8.66
4	Boys Hostel 2 nos	10.70
5	Academic Building Ground Floor of 1 building	9.86
	Total Estimated Cost	34.60

The CPWD has awarded the job for above works and its progress is constantly monitored by the Institute. Further, the following works are likely to be awarded to CPWD for construction:

Sl. No.	Building Construction	Amount (Rs. in crore)
1	Addition of one floor in girls' hostel (8 rooms)	0.75
2	Addition of one floor in each of two boys' hostels (40 rooms)	3.00
3	Addition of one floor to the existing academic block (Area 18,900 m ²)	19.00
4	Faculty Apartments (3BHK flats 24 No.)	14.00
5	Auditorium (250 capacity)	2.00
6	One Boys Hostel (100 rooms)	5.00
7	One Girls Hostel (50 rooms)	2.50
8	Guest House	1.00
9	Health Centre	1.00
10	Dining Hall (672 m ²)	3.00
	Total	51.25

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

Recommendation No. 9

Centre of Excellence for Energy, Bangalore

The Committee note that a budgetary provision of Rs.50 crore has been made in BE 2021-22, for setting up of Centre of Excellence for Energy, Bangalore. This has been a considerable increase from the Rs.1 crore allocated in BE 2020-21. The Committee also note that though the Government of Karnataka had already allotted 150 acres of land in 2015 for the construction of permanent campus near Hoskote taluk, Bengaluru, the full-fledged campus has just to come up till date and the Centre for Energy is still functioning with makeshift arrangements. The Committee note that the allotted land is under dispute with different agencies including KIADB and Forest Department and

matter has been taken up with concerned State Governments authorities. The Committee has been informed that as of 23rd February, 2021, a survey has been completed by Revenue Department, Government of Karnataka for the extent of forest land and a map will be released soon and then the matter will be again taken up with the government of Karnataka for resolution.

The Committee, while expressing strong displeasure at the inordinate delay recommended the Ministry to pursue with Karnataka State Government at the highest level to get possession of the land and expedite the construction of the same. The Committee may be apprised about the progress of the campus within three months of the presentation of this report.

REPLY OF THE GOVERNMENT

It is informed that the Institute is still not in possession of the land allotted by the Government of Karnataka due to various ongoing disputes/ issues. The Institute is making all efforts and has taken up the matter with concerned Karnataka Government officials and also with local people. Hon'ble Minister of PNG & Steel has also written a letter to Hon'ble Chief Minister of Karnataka on 18.02.2021 pointing out the issues and has requested him to issue directions to the concerned officials to resolve the issues and to provide an unencumbered/contiguous land at present site for the development of Bangalore Energy Institute and if it is not possible, to provide an alternative site. It is likely that the issue may get resolved soon. The construction work shall be started as soon as the land acquisition is complete and encumbrance free land handed over.

Meanwhile, the Institute is running academic programmes from its own temporary campus and progressively improving its infrastructure over the years, which include buildings, equipment, books etc from funds received as contribution from Oil Companies. Budgetary Allocations have been made for Capital Expenditure and contribution to Corpus Fund, the other contributors being OMC's. Since, the modalities of setting up new organisation is awaiting Cabinet approval, these provisions are not released. As soon as the approvals are received, the necessary funds shall be sought from Ministry of Finance.

Meanwhile, four M. Tech. programmes and Ph.D. programme with intake strength of seventy students are running successfully. Six regular faculty members have been appointed and a few state of art laboratories, library, computerized facilities have been established. Faculty members are also engaged for project and consultancy work.

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Recommendation No. 10

National Seismic Programme

The Committee note that an allocation of Rs.217 crore has been made in respect of National Seismic Programme for the BE 2021-22. However, the Committee have learnt that the budgetary provision for the financial year 2020- 21 has not been utilized due to the suspension of seismic survey work as a result of Covid-19 pandemic induced lockdown and the monsoon season in the country. The Committee have learnt that out of 48,000 km of surveyed onshore hydrocarbon resources in the country, approximately 45,000 km of the data has been appraised by the DGH. Further, the survey for offshore hydrocarbon resources has recently commenced in Andaman Islands with the allocation of funds by OADB. The Committee have also been informed that there is requirement for sufficient budgetary provision for the survey and assessment of offshore hydrocarbon resources.

In view of the above, the Committee exhort the Ministry to undertake the completion of unfinished survey of onshore hydrocarbon resources. Further, the Committee while appreciating the belated initiative of the Ministry for commencing the survey of offshore hydrocarbon resources in Andaman Islands, recommend that the Ministry must seek a separate budgetary provision for the survey and appraisal of offshore hydrocarbon resources for enhancing domestic exploration and production activities and also interpretation of data to make it available for investors so as to motivate them for more proactive participation in exploration which inturn would increase production over a period of time and pave way for ensuring energy security of the country.

REPLY OF THE GOVERNMENT

Out of total target of 48,243 LKM, cumulative 46422 LKM (96.23%) data has been acquired till April 2021 whereas Processing of 43902 (91%) and interpretation of 39680 LKM (82.25%) data has been completed under National Seismic Programme.

During 2021-22 separate budget is being sought for survey and appraisal of offshore hydrocarbon resources.

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Recommendation No. 11

PM JI-VAN Yojana

The Committee note that Pradhan Mantri JI-VAN Yojana scheme has been allocated Rs. 233.31 crore in BE 2021-22. The scheme provides financial support for setting up integrated bio-ethanol projects using lignocellulosic biomass and other renewable feedstock 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. 1969.50 crore has been granted. The Committee, however, are concerned to note that of the budgetary allocation of Rs. 53 crore PM JI-VAN Yojana during the BE 2020-21 has not been fully utilized for the intended purpose.

The Committee would like to point out that keeping in view the pollution problem that occurs in the national capital owing to stubble-burning in the neighboring states, the Government should make all-out efforts to establish such a integrated Bioethanol projects in the vicinity of the NCR region so that the farmers can provide their farm-residue to the plants instead of burning them on their fields. The Committee recommend that t h e Ministry should review the progress of the commercial and demonstration projects regularly and ensure that the allocated funds of Rs. 233.31 crore for the year 2021-22 should be fully utilized.

REPLY OF THE GOVERNMENT

Budget allocation of Rs.53 crore under PM JI-VN Yojana for 2020-21 could not be utilized as Project Developers (PDs) were unable to fulfill 1stmilestone of disbursement conditions as receiving of proprietary equipment and site visit by specialized engineers/technicians for installation of these equipment was delayed due to COVID 19 pandemic restrictions.

2 Public Sector Oil Marketing Companies are setting up Second Generation (2G) bio-refineries in different parts of the country including the States of Punjab, Haryana and U.P. These bio refineries will use agricultural crop residues (which otherwise is

burnt by farmers) as feed stock and can play a major role for reducing the air pollution caused due to burning of crop residue.

3. Progress of commercial and demonstration projects are being monitored closely by this Ministry so that commissioning of these projects take place as perschedule.

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Recommendation No. 12

Phulpur Dhamra Haldia Pipeline Project

The Committee note Rs. 250 crore has been allocated as BE 2021-22 under the scheme Phulpur Dhamra Haldia Pipeline Project. The Committee observe that the Cabinet Committee on Economic Affairs(CCEA) in its meeting held on 21st September 2016 approved 40% capital grant i.e Rs 5,176 crore of the estimated capital cost of Rs 12,940 crore by the Government to GAIL (India) Limited for execution of Jagdishpur-Haldia/Bokaro-Dhamra Natural Gas Pipeline (JHBDPL) projects. .In this regard, the Committee have learnt that the Ministry of PNG released Rs. 3608.71 crore to GAIL till March 2020 for the financial year 2019-20. Further , an amount of Rs. 728.03 was allocated under this scheme for the financial year 2020-21. Out of which the Ministry has already released Rs. 475.606 crore to GAIL. The Committee have also noted that due to Issues related to delay in handing over of land for right of use acquisition along with fixation of compensation by the State Governments, the project has received an extension till 31.12.2021 from PNGRB and accordingly, Rs. 250 crore has been allocated under this scheme should be fully utilized.

The Committee have been apprised that PDHP projects have been facing problems at various sections such as farmers agitations in some districts of Orissa, permissions from the department of forest, clearances related to RoU from the department of revenue and finalization of land compensation issues in West Bengal.

The Committee note that these issues have been deliberated in a recent PRAGATI meeting held on 24.02.2021 chaired by the Hon'ble PM and it is expected that all these issues will be resolved shortly. The Committee, therefore, recommend that the Ministry should coordinate with authorities of the State Governments concerned to resolve various issues falling along the line of PDHP project so that the allocated funds will be utilized fully during the year 2021-22 and the project will be completed at the earliest.

REPLY OF THE GOVERNMENT

(1) Status of Capital Grant

The Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 21st September 2016 has approved 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 JagdishpurHaldia/Bokaro-Dhamra Natural Gas Pipeline (JHBDPL) Projects.

As on May 2021, this Ministry has released Rs. 4486.748 crore to GAIL.

(2) Updated Status of Phulpur-Dhamra-Haldia Pipeline Project

Updated status on the progress of PMUG (Jagdishpur Haldia & Bokaro-Dhamra pipeline project) are as follows.

Sl.	Pipeline Name	Length (Km)	State	Status as on 04.06.2021	Timeline for project Completion
1	JagdishpurHaldiaPipeline-Section 1 (Phulpur to Dobhi (Gaya) with spurlines to Varanasi, Gorakhpur, Patna and Barauni)	750	Uttar Pradesh, Bihar	Entire Pipeline commissioned	Commissioned
2	Dhamra-Angul Pipeline section (Section-2A)	400	Odisha	Overall Physical Progress – 78.1% Construction Status: Welding: - 214 Km Lowering-175 Km	Dec'2021
3	Dobhi-Durgapur Pipeline section	500	Bihar, West Bengal,	Overall Physical Progress- 94.5 %	

	(Section-2B)		Jharkhand	<p>Construction Status: Dobhi-Durgapur Mainline including matrix spur line (350 Km): Commissioned and dedicated to the Nation on 07.02.2021 by Hon'ble PM.</p> <p>Spur lines to Jamshedpur, Sindri, Durgapur etc.: Scope-150 Km Welding - 109 Km Lowering-71 Km</p>	<p>Mainline & including Matrix spur line (350 Km) : Commissioned Other Spur lines: Progressively by Dec'2021</p>
4	Bokaro- Pipeline Project (Section-3A)	Angul 670	Jharkhand, Odisha	<p>Overall Physical Progress- 85.5%</p> <p>Construction Status: Welding -435 Km Lowering-369 Km</p>	Dec'2021
5	Durgapur- Pipeline Project (Section-3B)	Haldia 335	West Bengal	<p>Overall Physical Progress- 56.1%</p> <p>Construction Status: RoU Handover Panchnama-8.8 Km</p>	18 months from availability of hindrance free RoU in West Bengal

It is submitted that though considerable progress has been made in pipeline laying works. However, some issues needs to be resolved to complete the work within the targeted completion schedule.

GAIL is putting its best efforts to resolve the issues with the help of district and state administration. Issues have also been deliberated at various levels including Chief Secretary of state and in Pragati meeting under chairmanship of PM. Brief of the issues and their status are asbelow:

S.N.	Pipeline Project	Issues	Status
1	Dhamra-Angul	Farmer's demanding higher rate of compensation in Cuttack district (~ 5 Km). Stiff Resistance by Land Owners in Puri (0.3 Km) and Jajpur (1 Km) districts	Work is under progress in some villages with the help of district administration. Police protection requested from District administration to start the work in other villages.
			Issues have been deliberated at highest level in recent Pragati meeting held on 24.02.2021 chaired by Hon'ble PM.
		Payment of Land compensation, Villages under Chakbandi, Angul District (1.4 Km)	Initially the issue was in 3 villages of Angul District. Competent Authority of GAIL is unable to decide ownership for disbursement of compensation to be paid.
			Distribution of compensation done in 2 villages with the help of district administration. Follow up is being done to resolve the issue in remaining one village.

2	Dobhi-Durgapur	Pending forest permission (~3Ha) & slow compensation disbursement in Purulia district for Jamshedpur spurline.	Following up is being done with concerned authorities.
3	Bokaro-Angul	Forest Permission in Bokaro-Angul Pipeline for 65.4 Km	Stage-1 permission received on 30.03.2021. Working permission received for 5 divisions out of 7 divisions.
		Farmer's demanding higher rate of compensation in some villages with the help of Cuttack (3 Km and Sundargarh (6 Km) districts	Work is under progress in some villages with the help of district administration. Police protection requested from District administration to start the work in other villages. Issues have been deliberated at highest level in recent Pragati meeting held on 24.02.2021 chaired by Hon'ble PM
		Chakbandi issue in Angul District (~4 Km)	Competent Authority of GAIL is unable to decide ownership for disbursement of compensation to be paid. Follow up is being done with district administration to resolve the issue.
		Forest permission for 1 Km in Ranchi	FRA/NOC issued by DC, Ranchi on 10/04/2021. Submitted to DFO Ranchi in online portal on 13/04/2021. Stage1 permission awaited.
4	Durgapur-Haldia	Acquisition of RoU in West Bengal has been very slow.	Matter has been taken up at various levels several times with District and State

		<p>Gazette Notification Administration of West Bengal. publication for 171 km³(1) and 220 km⁶(1) still pending. Clearance pending from Revenue dept. GoWB for RoU acquisition in North 24 Paraganas (31.8km).</p>	<p>issues have been deliberated in recent Pragati meeting held on 24.02.2021 chaired by Hon'ble PM.</p>
		<p>Slow progress of Panchnama and land compensation rate finalization pending in Purba Bardhman (55.8 km), Purba Medinipur (6.4 km) and Hooghly (27.9 km) & Nadia (16.7 Km).</p>	

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Recommendation No. 13

Indradhanush Gas Grid Limited (IGGL)

The Committee observe that a provision of Rs. 500.00 crore has been made in respect of a new scheme called Indradhanush Gas Grid Limited (IGGL) as a part of North East Natural Gas Pipeline Grid for the BE 2021-22. The Committee have learnt that the scheme was launched on 09th February, 2019 and the authorization for the same was granted by PNGRB on 17th November 2020. In this regard, Viability Gap Funding of 60% of the total CAPEX of Rs. 9265 crore was approved by CCEA on 08.01.2020. An order for procurement of pipelines for 550 kms of the Phase-I of the project from Guwahati to Dibrugarh was awarded in September, 2020. Further, the Committee have been apprised that pipeline laying works for Guwahati- Numaligarh-Gohpur-Itanagar section was commenced in December, 2020 with a targeted timeline for completion by March, 2024.

While taking note of the initiative of the Government for making a separate provision for IGGL project during the B E 2021-22, the Committee view that these projects will become a potential game changer by facilitating availability of natural gas for industrial units, vehicular fleet and domestic households in remote and far flung areas of the North Eastern region. The Committee therefore, recommend that the Ministry must chalk out a clear roadmap with stipulated timelines and cost estimates for strict adherence and accordingly, allocate sufficient funds for the implementation of IGGL projects for the overall development of the region.

REPLY OF THE GOVERNMENT

The Cabinet Committee on Economic Affairs (CCEA) has approved the North East Gas Grid project of Indradhanush Gas Grid Limited (IGGL) with Viability Gap Funding (VGF) /Capital Grant at 60% of the estimated cost of Rs 9,265 crore (Including interest during

construction). This 1,656 km long North East Gas Grid will connect eight North-Eastern states i.e. Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim.

To ensure smooth flow of resources, year-wise budget provision for capital grant to IGGL for NEGG project is as below:

Year	1 st Year	2 nd Year	3 rd Year	4 th Year	5 th Year	Total
Capital grant in Rs. Crore	278	834	1,946	1,946	555	5,559

As on June, 2021, Rs. 1030 crore has been allocated to IGGL under this scheme.

Roadmap: The North East Gas Grid (NEGG) has been planned to be implemented progressively in three phases as under:

Phase I:

Section 1: Guwahati – Numaligarh (NRL), 386 KM, Section 2: Gohpur - Itanagar, 27 KM,

Section 3: Silchar - Panisagar, 112 KM, Section 5: Panisagar – Agartala, 118 KM, Section 9: Kubal Feeder Line, 3.6 KM,

Phase II:

Section 6: Guwahati – Silchar, 196 KM, Section 7: Panisagar – Aizawl, 127 KM, Section 8: Dergaon – Dimapur, 128 KM, Section 12: Tulumura Feeder line, 86 KM,

Section 13: Agartala - NEEPCO Spur Line, 6 KM Section 14: Shillong CGD, 22 KM,

Section 4: Banskandi FL cum Silchar CGD, 56 KM,

Phase-III:

Section 10: Dimapur - Kohima – Imphal, 180 KM, Section 11: Siliguri - Gangtok, 124 KM

Sl. No.	Milestone	Completion Target	Total Fund required in Rs.Cr.	VGF in Rs. Cr)
1.	Placement of work order of Pipeline laying for Phase-II sections.	2021-22	1553	932
2.	Placement of major order of Line pipes & Mainline Ball valves for Silchar-Panisagar, Panisagar-Agartala, Khubal sections and Phase- II sections.			

3.	RoU acquisition, Land acquisition, Permissions etc. of Phase-I (100%) & Phase-II (up to 50%)			
4.	Manufacturing and delivery of entire line pipes and ball valves as well as other free issue material of Phase-I sections.			
5.	Start of Construction activities of Silchar-Panisagar, Panisagar-Agartala, Khubal sections and Phase-II sections.			
6.	Total 300Km pipeline lowering of sections covered under Phase-I.			
7.	About 50 Km of Mainline welding of Phase-II sections			
8.	Completion of Detail engineering survey of Phase-III sections.			
9.	Engagement of PMC for Phase-III sections			
10.	Placement of major order of Line pipes & Mainline Ball valves for Phase-III sections			
11.	RoW/RoU acquisition, Land acquisition, Permissions etc. of Phase-II & III (100%)			
12.	Start of Construction of Phase-III sections			
13.	Manufacturing and delivery of entire line pipes and ball valves as well as other free issue material of Phase-II & III sections			
14.	Completion of lowering of pipeline for Phase-I sections.	2022-23	3243	1946
15.	About 300 Km of lowering for Phase-II sections.			
16.	About 50 Km of Mainline welding of Phase-III sections.			
17.	Manufacturing and delivery of entire line pipes and ball valves as well as other free issue material of Phase-II & III sections.			
18.	Commissioning & Gas in of Phase-I, II & III sections	2023-24	3243	1946

19.	Contract Closure, release of hold amounts etc.	2024-25	762	457
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Notes:

1. Project activities in Mizoram i.e. Panisagar-Aizawl will be governed by preparation of Cadastral Village Maps by the state Govt.
2. Construction start date of Phase-III i.e. Dimapur-Kohima-Imphal and Siliguri-Gantok sections shall follow expansion of Highways in Nagaland, Manipur, Sikkim & West Bengal.

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Recommendation No. 14**City Gas Distribution**

The Committee note that the Government has announced in the budget speech about the inclusion of 100 more districts in next three years to the city gas distribution network. The Committee observe that as per the information available with PNGRB, approximately 70.75 lakh households have been provided with PNG connection as on 30th November, 2020. Further, it has been observed that currently, 232 geographical areas in 407 districts (27 states/UTs) covering 53% of the area and 71% of the population in the country have access to CGD network till 10th CGD Bidding Round conducted by PNGRB. The Committee also observe that under 9th and 10th CGD Bidding Rounds, CGD entities have made commitments to provide 4.23 crore PNG domestic connections over a period of 8 to 10 years across the country. As per the PNGRB data, there are 2,536 CNG stations in the country as on 30th November, 2020. The Committee have also learnt that a natural gas pipeline project will be taken up in the Union Territory of Jammu & Kashmir during the FY2021-22.

The Committee while appreciating the Government in expanding CGD network across geographical areas, feel that there is still a long way to go in the expansion of CNG and PNG in the country. The Committee note that 100 more districts are to be covered by CGD network and accordingly, expect the Government to include aspirational districts while selecting the new districts and also increase the coverage within the existing covered Geographical Areas so that more households can be brought under PNG network. Therefore, the Committee recommend that the Ministry may intensify the coverage and penetration of households in existing areas and include aspirational districts in the addition of new districts to CGD network so that the objective of the Government to increase the share of natural gas from the current level of 6% to 15% in the overall energy mix of the country will be achieved at the earliest.

REPLY OF THE GOVERNMENT

PNG : There is an increase in the PNG connections to households from 70.75 Lakh as on 30th November 2020 to approximately 78.76 lakh households as on 30th April, 2021. Currently, 232 Geographical Areas in 407 districts (27 states/UTs) have been authorized covering around 53% of the area and 71% of the population in the country have access to CGD network up to the 10th CGD Bidding Round conducted by PNGRB. The CGD entities authorized under 9th and 10th CGD Bidding Rounds, have committed

to provide 4.23 Crore PNG domestic connections over a period of 8 to 10 years across the country.

CNG : The total number of CNG stations in the country has increased from 2536 as on 30th November 2020 to 3,142 CNG stations as on 30th April, 2021.

With regard to inclusion of aspirational Districts in addition to new districts for development of CGD network, PNGRB has tentatively identified 48 GAs covering 140 districts for public consultations for 11th CGD bidding round for development of CGD network. This includes some aspirational districts also. List of the 140 Districts identified for public consultations for the 11th CGD bidding round is attached as Annex-B.

Further action can be taken only after the constitution of quorum of PNGRB.

Development of Natural Gas Pipeline in the Union Territory of Jammu & Kashmir: The status of the same is as given below:

- i. PNGRB authorized Mehsana-Bhatinda (MBPL) and Bhatinda-Jammu Srinagar (BJSPL) natural gas pipelines to GSPL India Gasnet Limited (GIGL) in 2011 for development of natural gas infrastructure in the state of Gujarat, Rajasthan, Haryana, Punjab and Jammu & Kashmir. Meanwhile, GIGL vide letter dated 17.08.2020, requested PNGRB for foreclosure of Bhatinda-Jammu-Srinagar pipeline project (BJSPL) at Gurdaspur in place of Jammu and Srinagar. GIGL submitted that the sections beyond Gurdaspur have no anchor load demand and it is technically complex to develop a pipeline due to extremely difficult terrain, hence without any support from Government these sections are commercially not viable.
- ii. PNGRB decided to foreclose Bhatinda-Jammu-Srinagar Natural Gas pipeline (BJSPL) by terminating it at Gurdaspur subject to settlement of case pending at APTEL related to BJSPL. Further action can be taken only after cancellation of authorization by PNGRB after the constitution of quorum of PNGRB.
- iii. This ministry has requested (i) GAIL to carry out Detailed Feasibility Report (DFR) of the project. (ii) Initiated process to issue policy directive to PNGRB for authorizing the natural gas pipeline (iii) Requested Government of J&K to levy 0% VAT on natural gas in the UT of J&K. PIB and EFC approval for VGF grant by M/o Finance will be sought within 2 months of cancellation of existing authorization.

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

Recommendation No. 15

Pricing of Petrol and Diesel

The committee observe that the issue of increasing prices of petrol and diesel in recent months has become a matter of concern for both policy makers and end consumers alike. Further, despite the considerable downturn in global crude oil prices during the initial period of COVID- 19 pandemic, the prices of retail fuels have not been reduced due to the increase in taxes by both the Central and the State Governments. With regard to the rising prices of fuels, the committee have learnt that around 36% of the fuel price has been paid as excise duty and 23% to 28% as VAT by OMCs to the Government. Further, 3% to 4% has been paid as commission to dealers by oil companies. The committee has been appraised the OMCs do not earn more than one rupee profit per litre and out of this, OMC would also distribute some portion as dividend to their shareholders.

In view of the above, the committee strongly feel that the existing tax regime comprising excise duty by the Central Government and Value Added Taxes by State Governments has been the main factors for increasing the burden on consumers. The committee while understanding the significance of retail fuels as major source of revenue generation for both the Centre and State Governments particularly during the early phase of pandemic emphasize that the Central and State Governments cannot afford to be oblivious to the impact of rising prices of auto fuels on inflation in the country. The committee, therefore, recommend that both the Central Government and State Governments must come forward for consultations to reduce taxation in tandem so that consumers will be benefitted by lower prices of autofuels.

REPLY OF THE GOVERNMENT

The prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements. The OMCs have not only increased but also decreased the prices of petrol and diesel in line with changes in international prices and rupee dollar exchange rate.

The Public Sector Oil Marketing Companies (OMCs) implemented daily revision of retail selling price of petrol and diesel in the entire country with effect from 16th June, 2017. Daily price revisions of petrol and diesel make the retail prices more reflective of the current market conditions, minimizing the volatility in the retail selling price of petrol and diesel. Also, it leads to increased transparency in the system and enables smoother flow of products from refinery/ depots to Retail Outlets.

The taxes are imposed for meeting the budgetary requirement of Government at the Centre and State Government level in order to generate resources for infrastructure and other developmental items of expenditure keeping in view the present fiscal position. Taxes are increased or decreased depending on several factors like requirement of the Government, market situation etc.

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

Recommendation No. 16

Production of Oil and Gas

The Committee note that the crude oil and natural gas production by ONGC and OIL has stagnated for the last several years which is a matter of serious concern and the future scenario do not inspire much confidence as the projections of ONGC are surprisingly lesser than the current level of production. The Committee note that ONGC is taking several steps to enhance its hydrocarbon reserve base and to increase production viz. Active participation in Open Acreage Licensing Policy (OALP)/ Discovered Small Fields (DSF) bidding rounds, Early monetization of discoveries and enhancing production from producing fields using EOR/IOR field –specific techniques, development of CBM, Shale gas/oil, Fractured Basement and HP-HT reservoirs. The Committee note that ONGC is facing certain problems in development drilling activities, mainly of deep water wells completions pertaining to KG-DWN-98/2 Project. The

subsea trees (total 29 nos) which are required for well completion activities are being fabricated at facility located in Montrose in UK got delayed on account of COVID- 19 pandemic related restrictions and disruption in supply chain.

The Committee acknowledge the policy initiatives and IOR/EOR schemes undertaken by ONGC to improve production of crude oil and natural gas within the country and would like to see increase in the actual production from the new as well as from the existing fields and recommend that all the activities should be regularly monitored by the Ministry/DGH so that the expenditure incurred should commensurate with the overall increase in production.

REPLY OF THE GOVERNMENT

Ministry/ DGH is regularly monitoring efforts of ONGC to enhance production of oil/gas from existing fields and to add new fields by monetizing new discoveries.

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Recommendation No. 17

Reduction of crude import

The Committee note that the Government has set out a roadmap for reducing India's crude oil imports and has been aggressively working towards several new strategies and initiatives to achieve this targets. The Committee also note that the reducing dependence on crude oil import government has been giving thrust on energy efficiency and productivity, demands substitution, improving refinery processes and promotion of bio and alternate fuels. The Committee also find that the successful roll out of HELP/OALP regime, based on National Data Repository (NDR), the Government has achieved massive enhancement of exploration acreage in India. Major milestones have also been achieved in CGD and R-LNG Terminals as well as development of gas market by providing open access to gas infrastructure.

The Committee have been given to understand that Ministry of Petroleum and Natural Gas is working in collaboration with various Central Ministries / stakeholders to make efforts to achieve reduction in import dependency on oil. Moreover, EBP programme & PM JI-VAN Yojna is yet another thrust area of the Ministry in this effort towards reduction crude dependence.

While recognising the efforts made by the Ministry in this regards, the Committee hope that the policies and programme undertaken by them in order to achieve the target of reducing India's dependence on crude import will bear fruit in the near future. The Committee, therefore, recommended that the Ministry should pursue strategies for the reduction in the import dependence on crude oil and should fix timelines to achieve specific targets.

REPLY OF THE GOVERNMENT

Many reforms in the energy sector have been fast paced and have been brought out recently like the reforms in Exploration and Licensing Policy, shifting the focus from 'revenue' to 'production' maximization, focus on greater transparency and stream-lined procedures and plan to grow refining capacities, increasing domestic gas production has been a key government priority and would be achieved through 'One Nation One Gas Grid' to shift the nation towards a gas- based economy. India's first automated national-level gas trading platform which prescribes standard procedures to discover the market price of gas has also been launched.

Government is taking all efforts for development of Gas Based Economy in the country which includes plans for expansion in natural gas supply with the help of additional Domestic Gas production, Expansion of Re-gasified Liquefied Natural Gas (RLNG) terminals in East and West coast of the country, nationwide natural gas grid including North Eastern States and policy initiatives for the promotion of use of Naturalgas.

To increase domestic production of natural gas and to bring uniformity in the market price discovery of gas, Natural Gas Marketing Reforms has been approved wherein standard procedure has been prescribed to discover market price of gas to be sold in the market by gas producers, through a transparent and competitive process, affiliates has been permitted to participate in bidding process for sale of gas and allowing marketing freedom to certain field development plans where Production Sharing Contracts already provide pricing freedom has been undertaken.

As on 01.01.2021, 72.47 Lakhs households, 10,823 Industries and 31,735 Commercial Units are connected with Natural Gas supply. There are 2,629 CNG stations in the country which are catering to CNG vehicles in the country as per information available with PPAC. PNGRB has authorized 86 Geographical areas (GA) covering 174 districts in 9th CGD bidding round and 50 GAs covering 114 Districts in 10th CGD bidding round. At present, there are 232 GAs covering 407 Districts/cities in the country.

Details of existing Natural Gas pipeline is 18,400 km, under construction, approved and under bidding natural gas pipelines in the country is 16,100 km. At present, country is having six (6) operational LNG regasification terminals operational with capacity of about 39.2 MMTPA (— 141MMSCMD).

SATAT initiative envisages to establish 5000 CBG plants by entrepreneurs and private companies who have raised financial resources to develop these plants on the basis of Lols issued by OMCs with an estimated production of 15 MMT CBG per annum by 2023.

Estimated investment of these 5000 Plants shall be about Rs.1.70 lakh crores. So far 9 CBG plants have been commissioned and started supply of CBG under SATAT scheme. These plants are located in Andhra Pradesh (1No.), Gujarat (3 No.), Haryana (1 No.), Maharashtra (3 No.) and Tamil Nadu (1No.).

For promotion of EBP programme, following major steps have been taken by Govt of India and OMCs to promote EBP programme,

Re-introduced administered price mechanism in Dec, 2014, opened alternate route for ethanol production (2nd Generation including Petrochemical), IDR Act Amendment — 14th May, 2016 to clarify the roles of Central and State Government to ensure uninterrupted supply of ethanol to be blended with petrol, National Policy on Biofuels — 2018 has been notified.

New sources sugar & sugar syrup introduced for ethanol production for ESY 2019-20 and fixed remunerative price, approval of National Biofuel Coordination Committee (NBCC) to utilize surplus stock of rice lying with FCI to be released to the distillers for ethanol production in October, 2020 and maize for ethanol production, towards ease of doing business for ethanol suppliers; long term supply agreement, advance registration, reduced Security Deposit and Penalty provision, tripartite agreement for securing finance, etc.

Due to various demand and supply side interventions by the Government. Public Sector OMCs the average ethanol blending in petrol has increased from 1.53% during 2013-14 to 5% in ESY 2018-19 and 2019-20. In the current ESY 2020- 21, OMCs have already reached average blending of 6.94% upto 01.03.2021.

Biodiesel procurement increased to 10.56 crore litres during 2019-20. For procurement of Biodiesel produced from UCO, OMCs have floated Expression of Interest (Eoi) at 300 locations for setting up of Biodiesel Plant. Received offers for 69 Biodiesel Plants with a production capacity of 1332 MT/day (Approx 52 cr. Litres/annum).

The Government in February, 2019 approved major reforms in exploration and licensing policy to enhance exploration activities, attract domestic and foreign investment in unexplored/unallocated areas of sedimentary basins and accelerate domestic production of oil and gas from existing fields. The policy reforms inter-alia aims to boost exploration activities with greater weightage to work programme, simplified fiscal and contractual terms, bidding of exploration blocks under Category II and III sedimentary basins without any production or revenue sharing to Government, early monetization of discoveries by extending fiscal incentives, incentivizing gas production including marketing and pricing freedom, induction of latest technology and capital, more functional freedom to National Oil Companies for collaboration and private sector participation for production enhancement methods in nomination fields, streamlining approval processes and promoting ease of doing business including electronic single window mechanism.

As per the schedule stipulated in Hydrocarbon Exploration and Licensing Policy (HELP)/Open Acreage Licensing Policy (OALP), four bidding rounds have so far been finalized in which 94 exploration blocks have been awarded covering an area of approximately 1,36,790 sq. km. OALP Bid Round-V offering 11 blocks covering an area of approximately 19,800 sq. km. has also been launched on 14th January, 2020.

Hydrogen is a clean source of energy for the future. It can be an important pillar of energy security of the country. MoPNG is undertaking initiatives with respect to use of hydrogen in energy mix.

The first pilot is based on Blue Hydrogen (blue hydrogen is produced by using fossil fuel like natural gas), or Hydrogen CNG (H-CNG) initiative, where hydrogen is blended with Compressed Natural Gas (CNG) for use as transportation fuel. Under this pilot, 50 buses in Delhi are playing on blended Hydrogen in Compressed Natural Gas (CNG). More pilots are planned based on Green Hydrogen (produced from renewable sources like Solar Energy, Biomass, etc and not from fossil fuels) wherein Green Hydrogen produced is to be used as transportation fuel as well as an industrial input to refineries.

The target to increase the installed renewable energy capacity to 175 GW by 2022 has been further extended to 450 GW by 2030. % share of Renewable Energy in overall energy generation in 2020-21 has been increased to 11.23% from 5.56% in 2014-15.

CCEA approved proposal on KisanUrja Suraksha evamUtthanMahabhiyan (KUSUM) Scheme, upto 2019-20, 120 million litres of diesel/ annum has been saved with installation of 175000 pumps.

The speed of electrification has been greatly scaled up from a level of 1176 KM in 2014-15 to 5276 in 2018-19 and 4378 KM in 2019-20 despite the setback due to COVID (in fact Cumulative 1,682 RKMs have been electrified till Nov'20). After 100% electrification, estimated saving on fuel/energy bill for IR would be about Rs.14, 500 Cr per annum.

Total Broad Gauge (BG) Route kilometer (RKM) of Indian Railways (including Konkan Railway) is 63,631. Ministry of Railways has planned for 100% electrification of Broad Gauge (BG) routes by December, 2023. As on 01.04.2020, 39,866 RKM have been electrified.

Under a 'green port' initiative, the Shipping Ministry had directed all the major ports to install grid-connected and roof-top solar and wind power projects to facilitate day-to-day operations including supplying shore-power to visiting ships in an Eco-friendly manner.

As part of this activity, installation of grid connected solar power plants in the 7 Major ports is underway. Total of 48 MW of feasible Solar Energy installation is targeted.

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Recommendation No. 18

IEBR of Oil PSUs

The Committee note that the actual expenditure of oil and gas sector CPSEs for the year 2020-21 is just Rs. 58549.61 crore (upto December, 20) as against the total revised of Rs. 98921.99 crore. The Committee also note that in the exploration and production sector, the actual expenditure (upto December 20) is Rs. 28254.69 crore which is very low as compared to the RE i.e. 51750.48 crore. Sectoral analysis of BE and actual expenditure during 2020-21 reveals that in every sector viz. exploration and production, refinery and Marketing, petrochemicals and engineering, the actual expenditure as on December, 2020 has been less than the BE. Oil PSUs such as ONGC and IOCL have not been able to spend the amount earmarked in the RE during 2020-21. Under survey ONGC had spent only Rs. 1100 crore against RE of Rs. 2022 crore and under exploratory drilling the actual expenditure is Rs. 4010 crore till 31.12.2020 against RE of Rs. 6050 crore. The Committee note that under the category exploration and production, Rs. 2149.91 crore was allocated during BE 2020-21 but the actual utilization upto December, 2020 was Rs. 35.38 crore only. The Committee wonder as to why ONGC and OIL are unable to utilise the scarce resources earmarked under a particular head for them in a year. The Committee, therefore, recommend that the IEBR exercise of the CPSEs may be prepared in a more realistic manner to avoid large gaps between the estimates and the expenditure so that the allocated funds will be utilized.

During the financial year 2020-21 against BE of ₹98521.56 crore and RE of ₹98921.99 crore of I&EBR, ₹107002.45 crore was utilised for implementation of ongoing and new projects which is 108.61% of BE (&) 108.17% of RE for the respective year. BE for 2021-22 has been proposed at ₹104620.30 crore. The explorations activities generally remain slow during first half of the financial year (FY) mainly due to monsoon and pick up only from November onwards. Therefore, the actual capex generally remains low during first half of the financial year.

CPSE-wise Internal and Extra Budgetary Resources (I&EBR)-BE, RE & Actual for FY 2020-21 and BE 2021-22 is as given below:

(In ₹ crore)

CPSE	2020-21			2021-22
	BE	RE	Actual *	BE
ONGC	32501.59	32501.59	26440.77	29800.00
OVL	7235.00	6750.00	5350.70	8380.00

OIL	3877.00	3925.00	12801.74	4108.00
GAIL	5412.00	5641.51	5920.00	5861.20
IOCL	26232.97	26305.89	27194.53	28547.10
BPCL	9000.00	9000.00	10696.72	10000.00
HPCL	11500.00	12000.00	14035.97	14500.00
MRPL	1150.00	1165.00	2217.86	850.00
CPCL	569.00	574.00	591.99	384.00
NRL	949.00	949.00	980.85	2000.00
Balmer& Lawrie	35.00	35.00	41.82	40.00
EIL	60.00	75.00	729.50	150.00
Total	98521.56	98921.99	107002.45	104620.30

*: Provisional **: Excluding Gross Budgetary Support (GBS) for Jagdishpur-Haldia&Bokaro-Dhamra Pipeline.

2. Sector-wise expenditure incurred by oil and gas CPSEs is as follows: -

(Rs. In Crore)

Sector	2020-21			2021-22
	BE	RE	Actual*	BE
Exploration & Production Sector	52018.50	51750.48	51333.52	49185.69
Refining & Marketing Sector	41653.58	42562.37	49097.38	49803.58
Petro-Chemicals Sector	4754.48	4499.14	5800.23	5441.03
Engineering Sector	95.00	110.00	771.32	190.00
Total	98521.56	98921.99	107002.45	104620.30

*: Provisional

REPLY OF THE GOVERNMENT

CPSE-wise reasons for less achievement in Exploration and Production sector w.r.t. BE & RE 2020-21:

1 ONGC: Approved BE 2020-21 for ONGC was Rs.32,502 crore. Actual expenditure up to March 2021 is Rs. 26,441 crore (Provisional) which works out to 81% only against the BE 2020-21 target. Activity-wise reasons for variation against BE targets are given below:

- i. **Survey:** Actual Survey expenditure is 80%. Shortfall in actual expenditure is due to underachievement of physical targets of 2D and also due to lower rates under various outsourced activities of 3-D Survey. Performance up to H1 was greatly impacted due to Covid-19 coupled with monsoon season which had bearing on the annual performance.
- ii. **Exploratory Drilling:** Actual expenditure is 88% as against the BE target of 111 wells only 100 wells could be completed. Shortfall in physical target achievement is on account of nationwide lockdown due to COVID- 19 and lower availability of Rig Months i.e. 87% of the BE target. Cycle speed is also lower against the target as rig waiting time is higher due to delay in readiness of sites and bottlenecks in rig transportation in Onland owing to COVID-19.
- iii. **Development Drilling:** Actual expenditure is 78% against the BE target. In BE 2021, under deep water segment, financial outlay of Rs. 1,671 crore was kept towards sub-sea completion of 16 wells in KGDWN-98/2- Cluster II project already drilled in earlier years, however, due to delay in supply of material from foreign vendors owing to disruption in international supply chain, the outlay could be utilised to the extent of Rs. 402 cr i.e. shortfall of Rs. 1,269 cr. Further, underachievement in overall wells target (Actual 380 wells against BE target of 392 wells) has also impacted the overall expenditure.
- iv. **Capital:** Actual expenditure is 81% against the BE target.

Underachievement in Scheme capital is on account of shortfall in schemes such as KG DWN 98/2, Life extension of well platform project, Development of Vakalpudi at EOA asset, Replacement/Revamping of Production Related Facilities of MH, etc. mainly on account of COVID pandemic and consequent disruption in international supply chain. Further tendering of some of the schemes could not be taken up due to various reasons (including viability issue) e.g Combined Development of GK- 28/42 and GS -OSN-2004/1, Daman Upside BS-12-7, B-12-17 & B-12-18 etc. Also, Minimum Facility process platform of Ratna & R-Series has been deferred for the time being and award of Mumbai High North Redevelopment Phase-IV (MHNRD PH-IV scheme was delayed due to re tendering.
- v. **R&D:** Actual R&D expenditure is 77% of the BE target. It is on the lower side due to COVID-19 pandemic which has affected the progress of R&D projects / delay in finalisation of contracts and also due to lower manpower cost.
- vi. **Non Operated JV's:** Outlay has reduced mainly at Ravva JV & RJ-ON- 90/1 after review of the work program by the operators and due to delay in surface facility projects and drilling program owing to COVID-19.

The PSC of RJ-ON-90/1 expired on 14 May, 2020 and interim permission to continue operations in the block has been granted by MoPNG.

- 2. OVL:** Major reasons for less achievement is due to Covid-19 pandemic and crude price drop, development capex has either been deferred to next year or drilling started in 2nd half of 2020-21 which resulted in lower capex than planned in projects

such as Sakhalin, Russia; A1, Myanmar; ACG, Azerbaijan. Due to OPEC plus production cuts, some of the drilling capex and facility capex planned for the year is deferred to next year such as Lower Zakum, UAE.

3. **IOCL:** Provision of Rs. 2,000 crore was made in FY 2020-21 for acquisition of upstream E&P Asset. No assets were acquired in FY 2020-21. However, overall IEBR 2020-21 target has been achieved by IOCL.
4. **BPCL:** Under Exploration & Production, the achievement is Rs. 1150 crore (95.83%) against BE/RE of Rs.1200 crore which includes only BPCL's equity investment in subsidiary Bharat Petro Resources Ltd. (BPRL) as per the equity requirement.

CPSE-wise Reason for less Achievement in Refining & Marketing Sector

w.r.t. RE 2020-21:

1. **MRPL:** IEBR expenditure in MRPL is mainly driven by the major projects like BS-VI and Desalination Plant. Due to Covid related issues have affected progress of all jobs in MRPL and thereby on the IEBR expenditure resulting in a reduction on actual spending expenditure during FY 2020-21.

CPSE-wise Reason for less Achievement in Petrochemicals Sector w.r.t. RE 2020-21:

1. **GAIL:** Major reason for less achievement in IEBR against RE is due to decrease in the equity contribution towards Indradhanush Gas Grid Limited & Talcher Fertilizers Limited.

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Recommendation No. 19

Efforts during COVID-19

The Committee note that one of the worst disruption to mankind in recent times is the COVID-19 pandemic which prompted global lockdown. In India, the Union Government announced complete lockdown for a period of 21 days beginning 25.03.2020 which was further extended for many months.

The Committee note that Petroleum being essential commodity there was no stoppage of operations at any operating location during the lockdowns in compliance with Government and Regulatory guidelines. In supply and Distribution front, a systematic information flow procedure was established to ensure timely and correct reporting. Integrated retail automation system enabled real-time monitoring enabled sales teams to monitor daily sales and be ready with sales plans for the future. The Committee have been apprised that the exploration sector and refining sector also carried out their operations without much disruption and by following standard operation procedures issued by authorities.

The Committee appreciate that the Ministry and OMCs kept fuel supplies including LPG available across the country without interruption during the COVID-19 lockdown period. The Committee are glad that the petroleum sector rose to the unprecedented situation with aplomb and showed their commitment to the entire

nation right from the borders to cooking chullah's in the remotest corner of the country. The Committee recommend that Ministry and PSUs should provide appreciation to the human resources who rose to such emergencies and also lay down system while addressing any hiccups that may have come during these times to meet any such contingency in future. The Committee note that oil PSUs also spent CSR funds during the pandemic and the expenditure was to help the country to face unprecedented situation. The expenditure by oil PSUs truly justify the purpose for which CSR funds are envisaged.

REPLY OF THE GOVERNMENT

The Ministry and OMCs acknowledge the appreciation made by the Committee for the works carried out by this Ministry and OMCs during challenging period of covid-19 situation.

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CHAPTER III

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

- Nil -

CHAPTER IV

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

- Nil -

CHAPTER V.**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED****Recommendation No. 8****Indian Institute of Petroleum for Energy (IPE), Visakhapatnam**

The Committee note that the Government has made a provision of Rs.95 crore during the financial year 2021-22 for the construction of a permanent campus of IPE at Vangali village in Sabbavarammandal in Visakhapatnam districts. In this regard, the Committee have learnt that out of the 201.80 acre of the proposed land for the Institute by the Government of Andhra Pradesh only 175.74 acres is available for clear possession and the remaining balance of land 26.06 acres has been under litigation. Further, it has been learnt that the construction of the compound wall has been in progress.

The Committee are however, constrained to note that though it has been more than six years since the assurance of the construction of IPE was given by the Central Government to the state of Andhra Pradesh as part of AP Reorganisation Act of 2014, nothing much has been happening on the ground except changing the original time lines and cost estimates. The Committee while deprecating the inordinate delay on the part of the Ministry and the Nodal agency, expect the Government to expedite the construction of the permanent campus for IPE so that aspiration of people of Andhra Pradesh will be fulfilled. Further, the Committee desire that the Ministry/Nodal Agency must make sincere efforts to expedite the process of pending litigation in the court with regard to the disputed land.

REPLY OF THE GOVERNMENT

IPE has entrusted the work for construction of Boundary Wall to Andhra Pradesh Industrial Infrastructure Corporation (APIIC), through an MoU, in the month of August 2019. The work for the same was initiated by the APIIC in the month of November, 2019. However, the local villagers, obstructed the construction work for Boundary Wall even for 175.74 acres of land that is said to be problem-free, when the APIIC has taken up the construction work. Immediately thereafter, the institute reported the same to the District Administration, Visakhapatnam vide IPE letter IPE/Land/2019 dated 19.11.2019. A request was also made to the District Administration, Visakhapatnam to hand over the total land free of any disputes for taking up the construction work.

Further, on continuous persuasion by the IPE authorities with the local plaintiff farmers, they, in principle, agreed only for construction of boundary wall in the alienated site in the intervening time and before the compensation received from the District Administration, for the balance land of 26.06 acres. Presently, the boundary wall construction in the alienated site, is in progress.

IPE has further requested the Chief Commissioner of Land Administration & Spl. Chief Secretary, A.P., during his visit to Visakhapatnam in the month of January, 2021 for early settlement of compensation to the petitioned farmers and for handing over the balance land to IPE. A meeting was also held on 23rd February, 2021 at A.P. Secretariat, under the Chairmanship of the Hon'ble Deputy Chief Minister for Revenue, Stamps and Registration, Govt. of Andhra Pradesh. The Chief Commissioner of Land Administration & Spl. Chief Secretary, A.P., officials from the Revenue Dept, A.P. and officials from IPE attended the meeting. During the meeting, the CCLA & Spl. Chief Secretary, A.P. assured for early settlement of the issues pertaining to the balance land by paying the necessary compensation to eligible farmers through the District Administration. The matter was also taken up with State Government authorities by the Secretary, MoPNG.

IPE has already entrusted the work for construction of buildings in the permanent campus to the Central Public Works Department (CPWD).

Ministry of Petroleum & Natural Gas
O.M.No.G-38011/88/2020-Fin.I dated 21st June, 2021

New Delhi;
5 August, 2021
14 Shravana, 1943 (Saka)

RAMESH BIDHURI,

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

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

NINETEENTH SITTING
(04.08.2021)

The Committee sat on Wednesday, the 4 August, 2021 from 1500 hrs. to 1550 hrs. in Committee Room 'B', PHA, New Delhi.

PRESENT

Shri Ramesh Bidhuri - Chairperson

MEMBERS

LOK SABHA

2. Smt. Chinta Anuradha
3. Dr. Ramesh Chand Bind
4. Shri Naranbhai Kachhadiya
5. Shri Santosh Kumar
6. Shri Unmesh Bhaiyyasaheb Patil
7. Dr. Kalanidhi Veeraswamy
8. Shri M.K. Raghavan
9. Dr. Bharatiben Dhirubhai Shyal
10. Shri Janardan Singh Sigriwal
11. Shri Lallu Singh
12. Shri Vinod Sonkar
13. Shri Ajay Tamta
14. Shri Rajan Baburao Vichare

RAJYA SABHA

15. Shri Narain Dass Gupta
16. Smt. Kanta Kardam
17. Shri Kanakamedala Ravindra Kumar
18. Dr. V. Sivadasan
19. Ch. Sukhram Singh Yadav

SECRETARIAT

1. Shri H. Ram Prakash - Director
2. Shri Vinay Pradeep Barwa - Deputy Secretary
3. 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 Fifth Report (17th Lok Sabha) on 'Demands for Grants (2021-22) 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 finalize the Reports and present/lay them in both the Houses of Parliament.

The Committee then adjourned.

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 FIFTH REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2020-21) ON 'DEMAND FOR GRANTS (2021-22)'.

I	<u>Total No. of Recommendations</u>	19
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19)	18
	Percentage to Total	94.74%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's (Vide Recommendations No. Nil)	00
	Percentage of Total	00
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations No. Nil)	00
	Percentage of Total	00
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendation No. 8)	01
	Percentage of Total	5.26%