

Royalty demanded by Gujarat Government on Crude Oil

*165. SHRI CHIMANBHAI MEHTA:†

SHRI JITENDRABHAI LABHSHANKER BHATT:

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

(a) whether it is a fact that Government are considering to revise the crude oil prices; if so, what are the details thereof;

(b) whether Government of Gujarat have demanded any revision in the rate of royalty on crude oil; if so, what are the details thereof, indicating the present rate of royalty that is being paid to Government of Gujarat;

(c) whether it is a fact that the royalty is based only on well-head price of crude oil;

(d) what is the total per MT earning of Government by way of excise duty and profit on various petroleum products and how it compares with royalty paid to Gujarat Government for every ton of crude oil produced in Gujarat;

(e) whether while fixing the royalty for crude oil the value of the by-products of crude oil are also taken into account; and

(f) what are the criteria for arriving at the rate of royalty?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI BRAHM DUTT): (a) to (f) A Statement is laid on the Table of the House.

†The question was actually asked on the floor of the House by Shri Chimanbhai Mehta.

Statement

(a) No, Sir.

(b) No proposal has been received from the Government of Gujarat for revision of the rate of royalty for production of crude oil. The present rate of royalty on production of crude oil is Rs. 192 per tonne.

(c) (e) and (f) The payment of royalty on production of crude oil is governed by the Oil Fields (Regulation and Development) Act, 1948. The Act provides that the fixation of rate of royalty in respect of any mineral oil shall not exceed 20 per cent of the sale price of mineral oil at the oil fields or the well-head, as the case may be.

(d) The petroleum products marketed in the country include the products produced out of the imported crude oil as well as imported products, and, therefore, the return/duties on products are not comparable with the royalty paid on indigenous crude. Further, the pricing of petroleum products is such as to provide for adequate subsidies for the products used by the vulnerable sections of the society, after the oil refining and marketing companies are compensated for their cost on normative basis.

SHRI CHIMANBHAI MEHTA: Sir, my question is what the due date for revision is because after a certain period revisions do take place, but the hon. Minister has replied, "No, Sir". We have been given to understand that certain proposals are being, or have been, sent. Anyway, I do not want to put a question about the facts. But what is the due date of revision? And when is the revision likely to take place? This is my question. And why this is being delayed?

SHRI BRAHAM DUTT: Sir, "No, Sir" has been said about part (a) of the question. We have not received any proposal from the State Government of Gujarat. Revision is due any date after 1987. We are receiving the

memoranda and we will be consulting the State Governments about it. So we are in the process.

SHRI CHIMANBHAI MEHTA: My second question is this. In the answer it has been said that the royalty is being paid on crude oil price at the well-head. That means in the oil-field whatever is the price, royalty on that basis is being paid to the State Government. Now this is being fixed by the Government and ONGC and other State Undertaking buy at the fixed price. But then there are by-products, finished products—petroleum products—and considerable profit is being made on them. The Minister has said in the statement that it is difficult to work it out because there is the imported crude which is being processed and there is also the local crude which is being processed. But we do know the quantity of the local crude and imported crude and so the finished product can also be apportioned to the extent that the local crude has been utilised. Therefore, whatever profit is being made on the entire crude oil products—by-products and finished products—that should have been taken into consideration for the purpose of royalty. But that is not being done. I want to know why that is not being done.

Secondly, repeatedly the Gujarat Government has raised this question. We are very happy that Assam is being given gas at concessional prices. They have been given gas at Rs. 500 per 1,000 cubic metres. Now Gujarat is being given at Rs. 1,400 per 1,000 cubic metres. So, there is a disparity here. I want to know why this disparity is not being removed.

SHRI BRAHM DUTT: Sir, basically there are two things—royalty on raw materials and taxes on finished products. I must submit that the royalty has been increased substantially during the last 16-17 years. In 1981 it was Rs. 61 per tonne. In 1987—it was enforced from 1984—it was Rs. 192, a three-time increase.

Now, about the other taxes, we set sales tax at the rate of four per cent, that is, on the price of crude and on the oil products, excise charges and other taxes and charges which are put into the divisible pool.

Now, with regard to the disparity in prices, we have set the price of natural gas. Onshore and inland, calculating the transportation charges and for promotional activities, we have given certain concessions not only to Assam but other regions also where new gas strikes are being made.

With regard to the third question that the honourable Member has asked—about by-products—the only by-product of crude oil is associated gas and we pay royalty at a different rate and that, I think, is Rs. 10 per cent of the price of gas. There is no other by-product.

SHRI CHIMANBHAI MEHTA: My question was about the disparity in the price of gas between Assam and Gujarat. He said that a by-product is there, but he is not giving any advantage of that by-product. But why this disparity is being handed over to Gujarat which goes against Gujarat?

SHRI BRAHM DUTT: Sir, the present policy is a rational one because it takes into consideration the quantum of development of the utilization of the natural gas. Gujarat is getting Rs. 1,400 and Uttar Pradesh will be getting Rs. 2,200 or Rs. 2,240 or something like that. In Assam and in the north-eastern region, there are various areas where the utilization is very little. We want to have promotional activities so that gas utilization starts. It is with the idea of reducing the disparity in the development of different regions in the country.

SHRI JITENDRABHAI LABH-SHANKER BHATT: Sir, will the honourable Minister please say whether natural gas, the source of which is very near Gujarat, can be given to the industries in Gujarat so that the industries in Gujarat can develop fast? So, would the gas be given at

concessional prices because the sources of coal are far away from Gujarat and natural gas is the only source of energy which we are getting nearby? And will the gas be supplied to industries for under developed areas of Gujarat at concessional rate?

SHRI BRAHM DUTT: On that, Sir, I have already submitted that Gujarat is getting gas at a lower price level than Madhya Pradesh and Uttar Pradesh. We have taken care of Gujarat and we have agreed to give gas to the industries—to the towns even—and there are certain isolated places, gas and oil fields—in Gujarat. I talked to the Gujarat Government, the Gujarat Minister had said that they should take up small power plants and things like that. In that case, in isolated, undeveloped areas, we will consider it.

SHRIMATI BIJOYA CHAKRAVARTY: Sir, my question is this. The Governments of Assam and Gujarat, both are pleading for increase of the royalty for the crude oil. In a recent letter to the Chief Minister of Assam, the hon. Minister for Petroleum said that after discussing the matter with the Governments of Gujarat and Assam they will fix the royalty. My point is that during recent times so many oil fields have been discovered in Assam, and it is gross injustice being done to the Government of Assam in not increasing the royalty to at least 20 per cent of the crude oil supplied to the refineries. Even during 1962 it was clearly stated by Pt. Jawaharlal Nehru, the then Prime Minister, that a justifiable price would be 20 per cent of the price of crude oil that is supplied to the refineries. So, why has a most negligible price of Rs. 192 per tonne been fixed? Why is the demand of the Government of Assam and the Government of Gujarat not considered by the Minister concerned? The Government of Assam has demanded only Rs. 340.

SHRI BRAHM DUTT: Sir, while deciding the question of royalty, we take into consideration the views of the Government of Gujarat also.

These are the two major oil-producing States. Now we will have to consult Tamil Nadu and Andhra Pradesh also because they are emerging as oil-producing States. During the last three years the royalty has been increased 300 per cent. Moreover, the price of crude includes so many other things which take care of the exploration activity or the development activity throughout the country and in Assam also. The State Governments levy sales tax on this. Moreover, the excise duty and other taxes which are levied on oil companies, are also in the divisible pool.

*166. [The questioner (Shri S. S. Ahluwalia) was absent. For answer, vide cols 34 *infra*.]

Energy Generation schemes of Rajasthan

*167. **SHRI SANTOSH BAGRODIA:** Will the Minister of ENERGY be pleased to state:

(a) what are the names of the energy generation schemes sanctioned by Government for Bhilwara district of Rajasthan; and

(b) what are the details regarding the cost of each of these schemes?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER IN THE MINISTRY OF ENERGY (SHRIMATI SUSHILA ROHATGI): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) and (b) Energy generation schemes of a large size are sanctioned for the benefit of a Region/State and not for any particular district.

In regard to non-conventional energy devices, four villages in Bhilwara district have been provided with a total of 25 photo-voltaic street lighting units at a total cost of about Rs. 56,000. Two wind pump schemes have been taken up in the district at a cost of about Rs. 30,000.