







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5.2	Disclosure	N/A	
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Indicator	Score
4.1.1	Context
4.1.1	Context

4.1.1.050: Has the government created a special fund or natural resource fund that concentrates revenue directly from oil, gas or mineral extraction?

Score: A B C

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.1.1.051: What authority is responsible for the natural resource fund?

Score: A B C D E

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

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Indicator		Score
4.2.1	Comprehensive reports	N/A
4.2.2.056	Audited reports	N/A

4.2.1 Comprehensive reports

4.2.1.052: Are the rules for the fund's deposits and withdrawals published, including the formula(s) for deposits and withdrawals?

Score: A B **C**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.2.1.053: Does the fund management or authority in charge of the fund publish comprehensive information on its assets, transactions and investments?

Score: A B C D **E**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.2.1.054: Are the reports containing information on the fund's assets and transactions understandable?

Score: A B C D **(E)**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India' Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.2.1.055: How often are financial reports published by the fund management or authority in charge?

Score: A B C D **(E)**

Comments:

India does not have a Natural Resources Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India' Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.2.2.056 Audited reports**4.2.2.056a: Are the fund's financial reports audited?**

Score: A B C D **(E)**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.2.2.056b: Are the audited financial reports published?

Score: A B **C**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

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Indicator	Score
4.3.1 Legal Framework and Practice	N/A

4.3.1 Legal Framework and Practice

4.3.1.057: Are the rules governing deposits into the fund defined by legislation?

Score: A B **C**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India' Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.3.1.058: In practice, does the government follow the rules governing deposits to the natural resource fund?

Score: A B C D **E**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India' Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.3.1.059: Are the rules governing withdrawal or disbursement from the fund defined by legislation?

Score: A B **C**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.3.1.060: In practice, does the government follow the rules governing withdrawal or spending from natural resource fund?

Score: A B C D **E**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.3.1.061: Are withdrawals or spending from the fund reserves approved by the legislature as part of the budget process?

Score: A B **C**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

4.3.1.062: Are officials of the natural resource fund required to disclose information about their financial interest in any oil, gas or mining projects?

Score: A B **C**

Comments:

India does not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at

<http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

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Indicator	Score
5.1.1	Context
5.1.1 Context	

5.1.1.063: Do central governments transfer resources to subnational authorities based on extraction of mineral resources?

Score: A **B** C D E

Comments:

Under the system of fiscal federalism in India, revenues from resources are aggregated or merged with other revenues to the Federal Government, prior to being shared or devolved to the states. Transfers include statutory transfers and non statutory transfers. Statutory transfers, which form the bulk of transfers (68% according to the Thirteenth Finance Commission Report), are made on the recommendations of a finance commission, appointed every 5 years. Non statutory transfers include grants in aid made by the Planning Commission and the Federal Ministries, to the states, mainly for developmental projects.

Given the small contribution of resource revenues to the total state revenues (for example, revenues from oil in the state of Rajasthan , which is the main oil producer in India, only equals about two percent), the rest of this section on resource revenue transfers has been scored as not applicable. However, comments on the transfer process are kept.

References:

ACADEMIC SOURCES:

1) Segal, P. and Sen, A. (2011) Oil Revenues and Economic Development: The Case of Rajasthan, India, OIES Working Paper WPM43, p.7-8 (Fiscal arrangements between the Federal and State Governments) Available at: <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

2) Gulati (1988) The Indian Federal Fiscal Model: A Case of Increasing Centralisation, Social Scientist, Vol. 16, No. 2, Four Decades of Economic Development (Feb., 1988), pages 41-42 Available at: <http://www.jstor.org/stable/pdfplus/3517370.pdf?acceptTC=true> Uploaded as attachment.

Excerpt: Briefly put, the Constitution envisages transfer of resources from the Centre to the States in the following forms:

- (1) Through the levy of certain duties imposed by the Centre but collected and appropriated by the states (Article 268 of the Constitution).
- (2) Through the levy by the Centre; but assignment in whole to the states of the proceeds of certain taxes (Article 269 of the Constitution).
- (3) Through mandatory sharing of the proceeds of income tax on principles laid down by the Finance Commission (Article 270 of the Constitution).
- (4) Through sharing, on recommendation by the Finance Commission in the proceeds of Union excise duties (Article 272 of the Constitution).
- (5) Through statutory grants-in-aid, on recommendations by the

- Finance Commission (Article 275 of the Constitution).
 (6) Through grants for any public purpose (Article 282 of the Constitution).
 (7) Through loans for any purpose (Article 293 of the Constitution).

3) Rao (2000) FISCAL DECENTRALIZATION IN INDIAN FEDERALISM, p.22-23 (Central Transfers to States)

Available at: <http://www.imf.org/external/pubs/ft/seminar/2000/fiscal/rao.pdf>

GOVERNMENT SOURCES:

1) Constitution of India, Part XII, Articles 268, 269, 270, 272, 275, 283, 293
 Available at <http://lawmin.nic.in/olwing/coi/coi-english/Const.Pock%202Pg.Rom8Fsss%2817%29.pdf>
 Uploaded as attachment.

2) Thirteenth Finance Commission Report, 2010-2015, p.3-4
 Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>
 Excerpt: "Sharing of Union Tax Revenues: 18. The share of states in net proceeds of shareable central taxes shall be 32 per cent in each of the financial years from 2010-11 to 2014-15. Under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, all goods were exempted from payment of duty from 1 March 2006. Following this, the Centre had adjusted the basic duties of excise on sugar and tobacco products. In view of these developments, the states' share in the net proceeds of shareable central taxes shall remain unchanged at 32 per cent, even in the event of states levying sales tax (or Value Added Tax (VAT)) on these commodities. "

5.1.1.064: Are conditions imposed on subnational government as part of revenue sharing regime?

Score: A B C

Comments:

The Thirteenth Finance Commission ,which makes recommendations on statutory transfers (which comprise roughly 68% of tax devolution) uses multiple criteria to work out the share to different states. This is based on a formula called the 'Gadgil Formula' which has been amended by various finance commissions over the years. Until the Eleventh Finance Commission, it contained an infrastructure index, but this was eliminated by the Twelfth Finance Commission. The Thirteenth Finance Commissions used a measure of population, area, and fiscal discipline of states (each appropriately weighted) to determine the share of states in Federal tax revenues.

Transfers made by the Planning Commission are on the other hand, somewhat opaque, although they are earmarked exclusively for developmental purposes (see academic source 3 above).

References:

GOVERNMENT SOURCES:

1) Thirteenth Finance Commission Report, 2010-2015, p.121-124 (Fiscal Discipline); p.122, table 8.1(Criteria and Weights for Tax)Devolution
 Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>

Excerpt: " Fiscal discipline as a criterion for tax devolution was used by FC-XI and FC-XII to provide an incentive to states managing their finances prudently. Both these Commissions assigned a weight of 7.5 per cent to this criterion. The index of fiscal discipline was arrived at by relating improvement in the ratio of own revenue receipts of a state to its total revenue expenditure to average ratio across all the states.....FC-XII had worked out the index with the reference period of 2000-01 to 2002-03 and the base period of 1993-94 to 1995- 96. We have retained this criterion and have worked out the index of fiscal discipline with 2005-06 to 2007-08 as reference years and 2001-02 to 2003- 04 as the base years (Annex 8.6). The own revenue receipts of a state include own tax revenues and thus, the criterion of fiscal discipline also captures the tax effort of

states. We have, therefore, dropped the use of tax effort as a separate criterion. FC-XII assigned a weight of 7.5 per cent each to fiscal discipline and tax effort. Thus, the combined weight assigned by FC-XII to these two criteria was 15 per cent. There is a strong case to incentivise states following fiscal prudence, particularly in the context of the need to return to the path of fiscal correction. We have, therefore, assigned a weight of 17.5 per cent to fiscal discipline. Under this criterion, if all states have improved their respective ratios of own revenue to total revenue expenditure, then the states with relatively higher improvement than the average receive higher transfers. Similarly, if the ratio has deteriorated in all states, then states with lower deterioration than the average receive higher transfers."

ACADEMIC SOURCES:

1) Narayan, S. (2010) An Analysis of India's Thirteenth Finance Commission Report, Institute of South Asian Studies, National University of Singapore
p.7-8

Uploaded as attachment.

Excerpt , p.7:

" The TFC has also addressed the issues of vertical and horizontal distribution of tax revenues of the Center. The vertical gap is the difference between the normatively assessed expenditure share and revenue capacities of the Centre and the States. FC-XII recommended the share of states in net central taxes at 30.5 per cent. Without disturbing the approach of normative expenditures, and recognising the relative buoyancy in the Centre and State revenues in the last five years, the TFC has recommended that the States' share of central tax revenues should be increased by 1.5 per cent to 32 per cent. As these are recommendations that are constitutionally binding, the Finance Minister has already accepted these numbers for future devolution. The TFC has also suggested direct transfer of grants to States, and has suggested that the recommendations of the State finance commissions on transfers from the States to their local bodies should be made more binding and regular. On the distribution of the devolved revenues among the states, the TFC has followed the principles of equity and efficiency. The principle of equity addresses the problem of differences in revenue raising capacity and cost disabilities across States. The principle of efficiency has been used by earlier Finance Commissions to motivate the States to exploit their resource base and manage their fiscal operations in a cost effective manner."

Uploaded as attachment.

2) Singh, N (2007) Fiscal Federalism and Decentralization in India, MPRA Paper no. 1447

Available at <http://mpra.ub.uni-muenchen.de/1447/>

Uploaded as attachment.

Excerpt 1, p.17: "Planning Commission Transfers While the FC decides on tax shares and makes grants, a completely separate body, the Planning Commission, makes grants and loans (in the ratio 30:70 for the major states)²³ for implementing development plans. As development planning gained emphasis, the Planning Commission became a major dispenser of such funds to the states, and it also coordinates central ministry transfers: almost one-third of center-state transfers are made through these channels (Table 6). As there is no specific provision in the Constitution for such plan transfers, the central government channeled them under the miscellaneous (and limited) provisions of Article 282. Before 1969, plan transfers were project-based. Since then, the distribution has been done on the basis of a consensus formula (see Table 8) decided by the National Development Council (NDC).²⁴ As in the case of the FC, the Planning Commission formula tries to aggregate disparate objectives in its calculations, with the result that the overall impact is less than clear. "

Excerpt 2, p.17: "Central Ministry Transfers: Various ministries give grants to their counterparts in the states for specified projects, either wholly funded by the center (central sector projects) or requiring the states to share the cost (centrally sponsored schemes). The ostensible rationale for these programs is financing activities with a high degree of inter-state spillovers, or which are merit goods (e.g., poverty alleviation and family planning), but they are often driven by pork-barrel objectives."

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Indicator	Score
5.2.1	Disclosure
5.2.1	N/A
5.2.1 Disclosure	

5.2.1.065: Are the rules for revenue transfers from central to sub national governments published, including the formula(s) for revenue sharing?

Score: A B **C**

Comments:

The Finance Commissions publish clear formulae on the devolution of tax revenues. The Planning Commission is supposed to follow a formula arrived at by the National Development Council. However, the latter is somewhat opaque. The formula has been published in academic studies, but is extremely difficult to find published directly by the Planning Commission. The Planning Commission however, publishes a summary of meetings of the National Development Council on their website, available at http://planningcommission.nic.in/reports/genrep/50NDCs/vol3_26to35.pdf and <http://planningcommission.nic.in/plans/planrel/index.php?state=othrelbody.htm>

Excerpt from Singh (2007, 17)

"One major contrast with the FC is the conditional nature of Planning Commission transfers, since they are earmarked for "developmental" purposes. However, while the special category states receive plan transfers based on projects that they formulate and submit, the general category states' plan transfers are not related to the required size or composition of plan investments. Hence there is not even implicit matching of states' own resource commitments in this transfer channel, let alone an explicit matching formula. The process for determining plan transfers involves competing proposals from the Planning Commission and the states, with a certain amount of bargaining through the NDC, as well as in state-by-state discussions, to determine plan loans and grants. At the end of this process, the Planning Commission approves the state plans. The allocation and spending process does appear to distort states' budgeting and expenditure decisions, and not necessarily in ways that are desired by the center or more socially efficient."

References:

1) Thirteenth Finance Commission Report, 2010-2015, p.121-124 (Fiscal Discipline); p.122, table 8.1(Criteria and Weights for Tax)Devolution
Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>

Excerpt: " Fiscal discipline as a criterion for tax devolution was used by FC-XI and FC-XII to provide an incentive to states managing their finances prudently. Both these Commissions assigned a weight of 7.5 per cent to this criterion. The index of fiscal discipline was arrived at by relating improvement in the ratio of own revenue receipts of a state to its total revenue expenditure to average ratio across all the states....FC-XII had worked out the index with the reference period of 2000-01 to 2002-03 and the base period of 1993-94 to 1995- 96. We have retained this criterion and have worked out the index of fiscal discipline with 2005-06 to 2007-08 as reference years and 2001-02 to 2003- 04 as the base years (Annex 8.6). The own revenue receipts of a state include own tax revenues and thus, the criterion of fiscal discipline also captures the tax effort of states. We have, therefore, dropped the use of tax effort as a separate criterion. FC-XII assigned a weight of 7.5 per cent each to fiscal discipline and tax effort. Thus, the combined weight assigned by

FC-XII to these two criteria was 15 per cent. There is a strong case to incentivise states following fiscal prudence, particularly in the context of the need to return to the path of fiscal correction. We have, therefore, assigned a weight of 17.5 per cent to fiscal discipline. Under this criterion, if all states have improved their respective ratios of own revenue to total revenue expenditure, then the states with relatively higher improvement than the average receive higher transfers. Similarly, if the ratio has deteriorated in all states, then states with lower deterioration than the average receive higher transfers.

3) Singh, N (2007) Fiscal Federalism and Decentralization in India, MPRA Paper no. 1447, p. 85 (Table 8: Planning Commission Formula for Distributing State Plan Assistance)
Available at <http://mpr.ub.uni-muenchen.de/1447/>
Uploaded as attachment.

5.2.1.066: Does the central government publish comprehensive information on transfers of resource related revenues to sub-national governments?

Score: A B C D **E**

References:

GOVERNMENT SOURCES:

1) State Finances: A Study of Budgets of 2011-2012, Reserve Bank of India (Chapters 4 and 5; Appendix 1 - Revenue Receipts of States and Union Territories with Legislature)
Available at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/STF30032012.pdf>

2) Thirteenth Finance Commission Report, 2010-2015, p.114, Chapter 8 (Sharing of Union Tax Revenues)
Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>

5.2.1.067: Are the reports containing information on transfers of resource related revenues to sub-national governments understandable?

Score: A B C D **E**

Comments:

Both the reports of the Thirteenth Finance Commission and the Reserve Bank of India are fairly comprehensive, with explanations of the main concepts. The style of reporting is a substantially long document containing discussion (with supporting tables or graphs), with a statistical appendix at the end.

It must also be noted that the Ministry of Finance maintains a searchable online database of releases from the centre to the states, on a monthly basis, either state-wise or scheme-wise. However, this is not accompanied by any explanatory or conceptual notes.

1) Ministry of Finance, Website Documenting Monthly Releases to States
http://finmin.nic.in/stateloan/Release_Index.asp?dept=2

Example 1: March 2012 Available at: http://finmin.nic.in/stateloan/monthly_payment_statewise.asp?dept=2

Example 2: March 2012 State of Andhra Pradesh Available at:
http://finmin.nic.in/stateloan/monthly_payment_statewise2.asp?state_cd=101&selmonth=3&selyear=2012&txtmonth=March&dept=2

References:

GOVERNMENT SOURCES:

1) State Finances: A Study of Budgets of 2011-2012, Reserve Bank of India

Published annually, historical data available online.
 Available at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/STF30032012.pdf>
 Uploaded as attachment.

2) Thirteenth Finance Commission Report, 2010-2015,
 Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=>

3) Indian Public Finance Statistics, 2010-2011, table 2.3, B(9) and D(1)
 Available at <http://finmin.nic.in/reports/IPFStat201011.pdf>
 Previous Issues available at: <http://finmin.nic.in/reports/ipfstat.asp>
 Uploaded as attachment.

5.2.1.068: How often does the central government publish information on transfers of resource related revenues to sub-national governments?

Score: A B C D **E**

Comments:

There is a monthly database maintained by the Ministry of Finance, which does not include any explanatory notes. The more comprehensive reports (with discussion and definitions) are published at least annually.

References:

GOVERNMENT SOURCES:

- 1) Ministry of Finance, Website Documenting Monthly Releases to States
http://finmin.nic.in/stateloan/Release_Index.asp?dept=2
 Example 1: March 2012 Available at: http://finmin.nic.in/stateloan/monthly_payment_statewise.asp?dept=2
 Example 2: March 2012 State of Andhra Pradesh Available at:
http://finmin.nic.in/stateloan/monthly_payment_statewise2.asp?state_cd=101&selmonth=3&selyear=2012&txtmonth=March&dept=2
 (This is a searchable database of releases from the centre to the states, on a monthly basis, either state wise or scheme wise)
- 2) State Finances: A Study of Budgets of 2011-2012, Reserve Bank of India
 Published annually, historical data available online.
 Available at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/STF30032012.pdf>
 Uploaded as attachment.

5.2.1.069: Do sub-national governments publish information on transfers received from central governments?

Score: A B **C**

Comments:

States of India must publish their budgets every year. These contain data on the transfers of resources (from the devolution of tax revenue) to the State concerned. The RBI reports (government source 1, above) collate the information from State government budgets. The State Finance Commissions (government source 2, above) were set up as part of the procedural process under the Finance Commissions mandated by the Constitution of India. These State Commissions publish reports that contain data on past (and future requirements of) transfers from the Central or Federal government. The State of Rajasthan, which is endowed with oil and gas resources (from which production began in 2009), for instance, publishes the amount of resources shared with it by the Federal government (government source 3, above).

References:

ACADEMIC SOURCES:

1) Singh, N (2007) Fiscal Federalism and Decentralization in India, MPRA Paper no. 1447, p.15
Available at <http://mpra.ub.uni-muenchen.de/1447/>
Uploaded as attachment.

Excerpt: "The large vertical fiscal imbalances between levels of government have not been unanticipated, and constitutional provisions exist to deal with them. These provisions were inserted in the original constitution to cover center-state transfers through the creation and operation of a Finance Commission (FC), and those, in turn, served as a model for State Finance Commissions (SFCs) mandated by the 1993 local government amendments to make state-local transfers. The SFCs were created by individual states, as required by the constitutional structure wherein local government is a state subject."

GOVERNMENT SOURCES:

1) State Finances: A Study of Budgets of 2011-2012, Reserve Bank of India (Chapters 4 and 5; Appendix 1 - Revenue Receipts of States and Union Territories with Legislature)
Available at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/STF30032012.pdf>

2) Reports of State Finance Commissions, Thirteenth Finance Commission of India (website) 2010-2015
Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=16&Section=1>

3) Budget 2010-2011, State Government of Rajasthan, p.8 (Share in Central Taxes)
Uploaded as attachment.

GOVERNMENT SOURCES:

2) State Finances: A Study of Budgets of 2011-2012, Reserve Bank of India
Published annually, historical data available online.
Available at <http://rbidocs.rbi.org.in/rdocs/Publications/PDFs/STF30032012.pdf>
Uploaded as attachment.

Peer Review Comments:

In regard to Rajasthan Budget it also includes minerals

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Indicator	Score
5.3.1 Legal Framework and Practice	N/A

5.3.1 Legal Framework and Practice

5.3.1.070: Are arrangements (including formulas and responsible institutions) for resource revenue sharing between central and sub-national governments defined by legislation?

Score: A B **C**

References:

1) Constitution of India, Part XII, Articles 268, 269, 270, 272, 275, 283, 293
Available at <http://lawmin.nic.in/olwing/coi/coi-english/Const.Pock%20Pg.Rom8Fsss%2817%29.pdf>
Uploaded as attachment.

2) Thirteenth Finance Commission Report, 2010-2015, p.3-4
Available at: <http://fincomindia.nic.in/ShowContentOne.aspx?id=28&Section=1>
Excerpt: "Sharing of Union Tax Revenues: 18. The share of states in net proceeds of shareable central taxes shall be 32 per cent in each of the financial years from 2010-11 to 2014-15. Under the Additional Duties of Excise (Goods of Special Importance) Act, 1957, all goods were exempted from payment of duty from 1 March 2006. Following this, the Centre had adjusted the basic duties of excise on sugar and tobacco products. In view of these developments, the states' share in the net proceeds of shareable central taxes shall remain unchanged at 32 per cent, even in the event of states levying sales tax (or Value Added Tax (VAT)) on these commodities. "

Also see:

3) Gulati (1988) The Indian Federal Fiscal Model: A Case of Increasing Centralisation, Social Scientist, Vol. 16, No. 2, Four Decades of Economic Development (Feb., 1988), pages 41-42
Available at: <http://www.jstor.org/stable/pdfplus/3517370.pdf?acceptTC=true>
Uploaded as attachment.

Excerpt: Briefly put, the Constitution envisages transfer of resources from the Centre to the States in the following forms:

- (1) Through the levy of certain duties imposed by the Centre but collected and appropriated by the states (Article 268 of the Constitution).
- (2) Through the levy by the Centre; but assignment in whole to the states of the proceeds of certain taxes (Article 269 of the Constitution).
- (3) Through mandatory sharing of the proceeds of income tax on principles laid down by the Finance Commission (Article 270 of the Constitution).
- (4) Through sharing, on recommendation by the Finance Commission in the proceeds of Union excise duties (Article 272 of the Constitution).
- (5) Through statutory grants-in-aid, on recommendations by the Finance Commission (Article 275 of the Constitution).
- (6) Through grants for any public purpose (Article 282 of the Constitution).

(7) Through loans for any purpose (Article 293 of the Constitution).

5.3.1.071: In practice, does the government follow the rules established by resource revenue sharing legislation?

Score: A B C D **E**

Comments:

As noted in Singh (2007) above, non statutory transfers, such as those by the central ministries and Planning Commission, allow for a certain degree of subjectivity or 'bargaining'; several empirical studies have shown that politics has played a role in influencing the allocation of revenues (not specifically resource revenues, although they are a part of the overall issue as discussed in Noronha et al, 2009).

References:

ACADEMIC SOURCES:

1) Singh, N (2007) Fiscal Federalism and Decentralization in India, MPRA Paper no. 1447, P.15 (Section 1.5: Intergovernmental Transfers)
Available at <http://mpr.aub.uni-muenchen.de/1447/>
Uploaded as attachment.

Excerpt 1, p.17: "Central Ministry Transfers

Various ministries give grants to their counterparts in the states for specified projects, either wholly funded by the center (central sector projects) or requiring the states to share the cost (centrally sponsored schemes). The ostensible rationale for these programs is financing activities with a high degree of inter-state spillovers, or which are merit goods (e.g., poverty alleviation and family planning), but they are often driven by pork-barrel objectives. These projects are supposed to be monitored by the Planning

Commission, and coordinated with the overall state plans – which is why they are listed under Plan transfers as in Table 6 – but both monitoring and coordination are relatively ineffective. There are well over 100 schemes, and attempts to consolidate them into broad sectoral programs have been unsuccessful, though they continue. These programs have provided the central government with an instrument to actively influence states'

spending, replacing pre-1969 plan transfers in this role. The proliferation of schemes may also have increased the size and control of the bureaucracy. While the NDC recently appointed an investigative committee that recommended scaling down and consolidating centrally sponsored schemes, implementation of this proposal was weak: new proposals have recently been floated with similar objectives. For all channels of center-state transfers, but particularly more discretionary transfers such as ministry grants, there is some evidence (Section 2.4) that political factors influence allocations across states. "

Excerpt 2, p.36 (Section 2.4, Democratic Channels):

"Chhibber (1995) explains the deepening of 'rent-seeking' – including the persistence of the laws that make it possible – in terms of the intensifying needs of political competition. Essentially, powers of patronage for electoral support became more important in the 1970s and 1980s, overwhelming any concerns about the inefficiency of the system from the perspective of economic growth. Chhibber provides empirical evidence that central loans, food assistance and subsidies to the states were all linked to electoral considerations. Similarly, Rao and Singh (2005), Kapur and Mehta (2002), and others have argued that large payments were directed by the center in the late 1990s to the states (Andhra Pradesh and Punjab) from which regional parties that were key coalition partners originated. In this case, the political support mechanism was more direct, the objective being to build a majority coalition in parliament after elections, whereas in Chhibber's analysis it derived from the pre-election need to mobilize statelevel political resources for national elections. Rodden and Wilkinson (2004) find empirical support for the proposition that distributive politics in India changed in the 1990s as a result of the shift from single party dominance to coalition governments. Many other studies examine the impact of central government transfers on statelevel policy choices, and mostly find evidence of political motivations in some transfer channels (e.g., Biswas and Marjit,

2000; Rao and Singh, 2002; Das-Gupta, Dhillon and Dutta, 2004; Khemani, 2004, 2006a,b; Purfield, 2003; Singh and Vasishtha, 2004). Thus, the evidence suggests that the central government tries to influence voters at the state level through this indirect mechanism. One complicating factor for these studies that has

emerged over time is the de-linking of national and state-level elections, which now typically occur at different times, rather than simultaneously, as was the case in the first two decades after Indian independence. On the other hand, Khemani (2001) looking at both national and state elections, finds evidence that voters reward (punish) governments for good (poor) economic performance, but do so more vigilantly at the state versus the national level. This result is consistent with recent survey evidence, which indicates voters look primarily to state governments for provision of many important public goods (Chhibber, Shastri and Sisson, 2004)."

Uploaded as attachment.

2) Noronha, L. Srivastava, N., Datt. D and Sridharan, P.V. (2009) Resource Federalism in India: The Case of Minerals, *Economic and Political Weekly*, vol xliv no 8.

Uploaded as attachment.

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Context

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Indicator	Score
1.1	Context
1.1	Context

1.1.001: Does the country have a clear legal definition of ownership of mineral resources?

Score: A B C D E

Comments:

Under the Indian federal system, the Constitution assigns certain powers exclusively to the Federal or Central Government defined in a 'Union List', certain powers to the state governments defined in the 'State' list, and certain powers to be jointly administered in the 'Concurrent' list (states have relative autonomy on subjects in the Concurrent List, but the residual power in all cases lies with the Federal or Central Government.) Oilfields, mineral oils and mines are included under the Union List.

Licenses for offshore hydrocarbons resources are granted by the Central or Federal Government, and licenses for onshore resources are granted by the government of the state within which the resources lie, but with prior approval of the Central/Federal Government.

For minerals, ownership again lies with the State governments for onshore resources and with the federal government for offshore resources..

For coal, see <http://www.coal.nic.in/policy/legislation.pdf>

For minerals, see The National Mineral Policy, 2008 at http://mines.nic.in/writereaddata/filelinks/88753b05_NMP2008.pdf

For minerals, also see The State Mineral Policy for 11 states, at <http://mines.nic.in/index.aspx?level=1&lid=77&lang=1>

Ownership for minerals are with the state governments for onshore resources.

The Constitution however gives residual powers to the federal government.

References:

The Indian Constitution, Seventh Schedule, 'Union List', item 53 and item 54.

Item 53: "Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable."

Item 54: "Regulation of mines and mineral development to the extent to which such regulation and development under the control of the Union is declared by Parliament by law to be expedient in the public interest."

Weblink 1:

<http://lawmin.nic.in/olwing/coi/coi-english/Const.Pock%20Pg.Rom8Fsss%2835%29.pdf>

Weblink 2:

<http://lawmin.nic.in/olwing/coi/coi-english/coi-indexenglish.htm>

Petroleum and Natural Gas Rules, 1959, Clause 5 (1) (i) and 5 (1) (ii).

"5. Grant of license or lease: (1) A license or lease in respect of

(i) any land or mineral underlying the ocean within the territorial waters or continental shelf of India vested in the Union, shall be granted by the Central Government; and
(ii) any land vested in a State Government, shall be granted by the State Government with the previous approval of the Central Government."
Weblink: <http://petroleum.nic.in/pngrules.pdf>

1.1.002: Who has authority to grant hydrocarbon and mineral rights or licenses?

Score: A B C **D** E

Comments:

For minerals, the State Government in question has the authority to grant mineral concessions. See <http://www.goadmg.gov.in/PDF%20Documents/Microsoft%20Word%20-%20Mineral%20Concession%20Rules%201960.pdf>

Also see Noronha et al (2010) Resource Federalism in India: The Case of Minerals, Economic and Political Weekly, Vol XLIV (8), p.53
Uploaded as attachment.

For coal, the Central Government (through a panel) hands out licenses for coal mining. However, in the light of a recent scam uncovered by the National Auditor, auctions for coal licenses are being debated at the time of writing.

See Chaturvedi, S. (2012) Scandal Spurs Indian Coal Auction Government Plans to Auction Licenses to Enhance Transparency in Beleaguered Mining Sector, Wall Street Journal, 23 April 2012, available at <http://online.wsj.com/article/SB10001424052702303459004577361800666243424.html>

References:

A Cabinet Committee on Economic Affairs grants hydrocarbon exploration licenses (Gazette of India, no. 42, published 25 February 1999, page 4, item xix).

Weblink: <http://petroleum.nic.in/newgazette/goi1.pdf>

For the current composition of the Cabinet Committee on Economic Affairs, see page 3 of the following weblink:

http://cabsec.nic.in/files/allocation/cabinet_committees.pdf

However, the recommendations on which licenses to grant and to whom are actually made by an Empowered Committee of Secretaries.

Gazette of India, no. 42, published 25 February 1999, page 4, item xix).

Weblink: <http://petroleum.nic.in/newgazette/goi1.pdf>

For an illustration of the process, see uploaded document press release dated 23 March 2012 announcing the results of the latest (ninth) round of exploration under the current fiscal regime, which is a publicly available document.

The organisation of the bidding rounds and evaluation of the bids is carried out by the Directorate General of Hydrocarbons, the upstream regulator which operates under the aegis of the Ministry of Petroleum and Natural Gas.

See clauses 4 a and 4d of the original notification of these functions of the Directorate General of Hydrocarbons at weblink: <http://www.dghindia.org/pdf/Resolution.pdf>.

Scanned version of the original notification is uploaded in document titled ' DGH Resolution 1993'.

The Directorate General of Hydrocarbons submits its analysis to the Empowered Committee of Secretaries, which then makes its recommendations - that are eventually officially approved by the Cabinet Committee on Economic Affairs.

1.1.003: What licensing practices does the government commonly follow?

Score: **A** B C D E

Comments:

For minerals, licenses are granted by states in a first-come-first-serve basis without any auctions. For more details see Siddhanta, P. (2012) Post SC caution, MinesMin seeks legal view on mineral concessions, Indian Express, 24 April 2012
Available at: <http://www.indianexpress.com/news/post-sc-caution-minesmin-seeks-legal-view-on-mineral-concessions/940599>

For coal, the Central Government (through a panel) hands out licenses for coal mining. A very small percentage of coal is auctioned through spot and forward 'e-auctions' - a procedure that was introduced on a trial basis. However, in the light of a recent scam uncovered by the National Auditor, auctions for coal licenses are being debated at the time of writing.
See Chaturvedi, S. (2012) Scandal Spurs Indian Coal Auction
Government Plans to Auction Licenses to Enhance Transparency in Beleaguered Mining Sector, Wall Street Journal, 23 April 2012, available at
<http://online.wsj.com/article/SB10001424052702303459004577361800666243424.html>

References:

GOVERNMENT SOURCES:

(a) The Gazette of India, no. 42, published 25 February 1999. Available at
<http://petroleum.nic.in/newgazette/goi1.pdf>

In particular, clause (iii) summarises the system, but the remaining clauses set out details of the terms of the award of acreages under bidding rounds.

(b) Prior to each of the bidding rounds for the award of exploration acreage, the government publishes a document titled 'Notice Inviting Offers' on the website of the Ministry of Petroleum and Natural Gas, intended to explain in detail the process through which acreage is awarded to prospective bidders. There have been nine rounds of bidding under the existing regime (The New Exploration Licensing Policy regime'). These are available online for a limited period of time - for instance, the Notices for the seventh, eighth and ninth rounds are available on the internet but earlier Notices cannot be as easily found.

Notice Inviting Offers for Round 9 (2010) weblink:

<http://www.petroleum.nic.in/nelp91.pdf>

Notice Inviting Offers for Round 8 (2009) weblink:

<http://petroleum.nic.in/nelp8a1.pdf>

Notice Inviting Offers for Round 7 (2007) weblink:

<http://www.petroleum.nic.in/nelp1.pdf>

Earlier Notices however can be obtained from the Ministry of Petroleum and Natural Gas by any Citizen of India through submitting a request for information under the Right to Information Act, 2005.

Weblink to Act: <http://petroleum.nic.in/rti-act.pdf>

Weblink to Officers in Charge of Handling Requests for Information Under the Right to Information Act:

<http://petroleum.nic.in/pios.html>

[Note: This researcher has access to all Notices from rounds 1 to 9]

(e) Comptroller and Auditor General of India: Performance Audit on Hydrocarbon Production Sharing Contracts, Ministry of Petroleum and Natural Gas. Chapter 1, Chapter 2. Published 2011.

Chapter 1 Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap1.pdf

Chapter 2 Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap2.pdf

(d) Model Production Sharing Contracts are published on the website of the Ministry of Petroleum and Natural Gas which detail the terms of fiscal regime.

Ninth Bidding Round (2010) weblink: <http://petroleum.nic.in/nelp93.pdf>

Eighth Bidding Round (2009) Weblink: <http://petroleum.nic.in/nelp8a2.pdf>

Seventh Bidding Round (2007) Weblink: <http://petroleum.nic.in/nelp3.pdf>

Some explanation of the bid evaluation criteria for the Seventh Bidding Round, weblink:

http://petroleum.nic.in/nio_nelp.pdf

ACADEMIC SOURCES:

(a) Azhar, M (2011) 'New Exploration Licensing Policy in India', OPEC Energy Review, 35(2). Available at <http://onlinelibrary.wiley.com/doi/10.1111/j.1753-0237.2011.00187.x/pdf> (also uploaded as attachment)

1.1.004: What is the fiscal system for mineral resources?

Score: A B C D E

Comments:

A PSC system applies to oil and gas; a concessions system applies to mining.

The ruling fiscal regime, which has been in place since 1999, is the New Exploration Licensing Policy, under which both National Oil Companies and private oil companies (international and domestic) are required to bid for exploration (oil and gas) acreage on a level playing field. Under the PSC arrangement, companies undertake exploration risks and bid on the Cost Recovery Factor, the amount the government will receive from oil operations. PSCs also include provisions on Cost Oil, Profit Oil and an Investment Multiple factor. (see Comptroller and Auditor General document cited below).

Prior to the New Exploration Licensing Policy, there were two other fiscal regimes. The 'Nominated Fields' regime, which existed from independence (1947) to the 1980s; under this the government simply handed over acreage to National Oil Companies and the sector was entirely government owned and operated. The 'Discovered Fields' regime followed in the late 1980s and early 1990s, under which fields were auctioned to private exploration companies under nine rounds of bidding - with a 30 percent carried interest of National Oil Companies. Although both these regimes were replaced with the New Exploration Licensing Policy, there are a few fields in India that still operate under the old regimes, which are relatively opaque compared to the New Exploration Licensing Policy. More information on the terms of previous fiscal regimes (prior to 1999) , including a brief comparison, can be found at the following source:

Comptroller and Auditor General of India: Performance Audit on Hydrocarbon Production Sharing Contracts, Ministry of Petroleum and Natural Gas. Chapter 2. Published 2011.

Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap2.pdf

The fiscal system for minerals is a concessions system based on royalty and taxes. This is outlined in the legislation - Mines and Minerals Development Act, Amended 2011, available at:

<http://164.100.24.219/BillsTexts/LSBillTexts/asintroduced/Mines%20110%20of%202011.pdf>

For coal, the system is once again a concessions system. Relevant legislation at:

<http://www.coal.nic.in/policy/legislation.pdf>

References:

GOVERNMENT SOURCES:

See previous question.

ACADEMIC SOURCES:

(a) Jain, A (2011) 'Domestic Supply and Demand for Gas' in

Natural Gas in India: Liberalisation and Policy, p.36-49, Oxford University Press.

(b) Jain, A and Sen, A (2011) Natural Gas in India, An Analysis of Policy, p12-15;p 21-23, Oxford Institute for Energy Studies Working Paper, NG50. Available at

http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/05/NG_50.pdf

1.1.005: What agency has authority to regulate the hydrocarbon and mineral sector?**Score:** A (B) C D E**Comments:**

Within each Production Sharing Contract, the rules mandate the composition of a 'Management Committee', which should mandatorily comprise representatives from each of the exploration companies, and representatives from the Government of India. All major decisions on exploration and production are required to be tabled before this Committee.

The details of this Committee are in the Model Production Sharing Contracts. For the most recent (ninth) round of bidding, this can be found in the Model Production Sharing Contract, Article 6, p.19-22. Available at:

<http://petroleum.nic.in/nelp93.pdf>

For the eighth bidding round, Model Production Sharing Contract, Article 6, p.18-21, see:

<http://petroleum.nic.in/nelp8a2.pdf>

For the seventh bidding round, Model Production Sharing Contract, Article 6, p.20-23, see:

<http://petroleum.nic.in/nelp3.pdf>

The role of the Management Committee is also outlined in 'Guidelines for Management of Oil and Gas Resources', Section K, published online at:

<http://petroleum.nic.in/ogmgmt.pdf>

However, as noted above, a recent Audit into Production Sharing Contracts has found a potential conflict in the roles of the Directorate General of Hydrocarbons, and leakages in the implementation of these rules, particularly with regards to the extensions granted on the initial phases of exploration.

For the Coal sector, there is no regulator, and the Ministry of Coal oversees operations. However, there has been recent debate over the appointment of a Coal regulator after a recent scam was disclosed following an audit conducted by the Comptroller and Auditor General of India.

See Siddhanta, P. (2012) CAG row: Cabinet to take up coal regulator Bill, Indian Express, 26 March 2012.

Available at:

<http://www.indianexpress.com/news/cag-row-cabinet-to-take-up-coal-regulator-bill/928368/>

For minerals, the Ministry of Mines and Indian Bureau of Mines oversee operations under the Mines and Minerals Development and Regulation Act, which was recently amended in 2011.

Available at:

<http://164.100.24.219/BillsTexts/LSBillTexts/asintroduced/Mines%2011%20of%202011.pdf>

The Ministry of Mines has formed two committees, the Stakeholder Committee and the Central Coordination Cum Empowered Committee to assist it in monitoring and regulating the sector. There are also state-level government departments at the state level which assist in this role, due to fiscal decentralisation.

References:

The Directorate General of Hydrocarbons, established in 1993, is considered the upstream regulator, as its official functions include the assessment and review of petroleum (and gas) operations in progress, as well as activities pertaining to the preparation for and conduct of bidding rounds for exploration acreage.

Source: Government of India, Ministry of Petroleum and Natural Gas, Resolution No.O-20013/2/92-ONG, D-III, 1993

Available at <http://www.dghindia.org/pdf/Resolution.pdf>

The Ministry of Petroleum has also published 'Guidelines for the Management of Oil and Gas Resources' (Section K), which detail the role of the Directorate General of Hydrocarbons in overseeing exploration and production. These are published online at:

<http://petroleum.nic.in/ogmgmt.pdf>

A recent official audit by the National Auditor of India has pointed out a conflict of roles within the Directorate General of Hydrocarbons (or DGH) - in that it is meant to provide technical advice to the Government, but also meant to act as a regulator and monitor upstream activities - hence the independence of the regulator has been questioned in this Audit.

Comptroller and Auditor General of India: Performance Audit on Hydrocarbon Production Sharing Contracts, Ministry of Petroleum and Natural Gas, Published 2011

Chapter 7, 'Compliance and Control Issues', Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap7.pdf

Excerpt, page 134: "In our view, the roles and functions of the DGH encompass two sets of functions with a potential conflict of interest - an upstream regulatory function, and a function of rendering technical advice to the GoI [Government of India]. While in 1993 (when DGH was set up) there was a lack of adequate clarity on the role and position of regulators in various economic roles, the need for clear autonomy of sectoral regulators (from the Executive) is now well recognised. Consequently, we recommend that the functions currently discharged by the DGH be clearly demarcated."

Further, the staffing of the Directorate General of Hydrocarbons is based on secondment of employees from the public sector National Oil Companies, including the two largest Companies, Oil and Natural Gas Corporation of India Limited, and Oil India Limited.

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Disclosure

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Indicator		Score
1.2.006	Information on licensing process	67 
1.2	Contract transparency	0 
1.2.008	Environmental and social impact assessments	25 
1.2	Access to information and legislation	100 

1.2.006 Information on licensing process

1.2.006.a: What information does the government publish on the licensing process before negotiations?

Score: **A** B C D E

Comments:

Since the launch of the New Exploration Licensing Policy in 1999, the Government has conducted bidding rounds at regular intervals. The policy is available at: <http://petroleum.nic.in/newgazette/goi1.pdf>

For Coal and Minerals, as they are not based on competitive auctions, there is little information available prior to the granting of licenses. The relevant information such as rates of royalty are laid out in the legislation.

Mines and Minerals Development Act, Amended 2011, available at:

<http://164.100.24.219/BillsTexts/LSBillTexts/asintroduced/Mines%2011%20of%202011.pdf>

For coal, legislation at: <http://www.coal.nic.in/policy/legislation.pdf>

However, given the fact that states have the authority to sanction mineral licenses, the system is much more fragmented than that for oil and gas.

References:

GOVERNMENT SOURCES:

(b) Prior to each of the bidding rounds for the award of exploration acreage, the government publishes a document titled 'Notice Inviting Offers' on the website of the Ministry of Petroleum and Natural Gas, intended to explain in detail the process through which acreage is awarded to prospective bidders. There have been nine rounds of bidding under the existing regime (The New Exploration Licensing Policy regime'). These are available online for a limited period of time - for instance, the Notices for the seventh, eighth and ninth rounds are available on the internet but earlier Notices (from bidding rounds which have ended) cannot be as easily found.

Notice Inviting Offers for Round 9 (2010) weblink:

<http://www.petroleum.nic.in/nelp91.pdf>

Notice Inviting Offers for Round 8 (2009) weblink:

<http://petroleum.nic.in/nelp8a1.pdf>

Notice Inviting Offers for Round 7 (2007) weblink:

<http://www.petroleum.nic.in/nelp1.pdf>

Earlier Notices however can be obtained from the Ministry of Petroleum and Natural Gas by any Citizen of India through submitting a request for information under the Right to Information Act, 2005.

Weblink to Act: <http://petroleum.nic.in/rti-act.pdf>

Weblink to Officers in Charge of Handling Requests for Information Under the Right to Information Act: <http://petroleum.nic.in/pios.html>

[Note: This researcher has access to all Notices from rounds 1 to 9]

(a) Model Production Sharing Contracts for each Bidding Round are published on the website of the Ministry of Petroleum and Natural Gas which detail the terms of the contract.

Ninth Bidding Round (2010) weblink: <http://petroleum.nic.in/nelp93.pdf>

Eighth Bidding Round (2009) Weblink: <http://petroleum.nic.in/nelp8a2.pdf>

Seventh Bidding Round (2007) Weblink: <http://petroleum.nic.in/nelp3.pdf>

Some explanation of the bid evaluation criteria for the Seventh Bidding Round, weblink: http://petroleum.nic.in/nio_nelp.pdf

1.2.006.b: What information does the government publish on the licensing process after negotiations?

Score: A B C D E

Comments:

In summary, the government particularly does not publish information on the fiscal terms and work programmes that were bid, or the fiscal terms and work programmes bid by the winning exploration companies. This information may be obtainable through the Right to Information Act 2005, but involves a bureaucratic procedure. On the other hand, there is plenty of information on the number of companies and names of companies that have won acreage, the total amount of acreage won, discoveries, and so forth but not on fiscal or work terms described in criteria A. This is published in an Annual publication by the Directorate General of Hydrocarbons, available at <http://www.dghindia.org/Publication.aspx>. The website requires (free) registration. I have attached a sample report .

Since the launch of the New Exploration Licensing Policy in 1999, the Government has conducted bidding rounds at regular intervals. The policy is available at: <http://petroleum.nic.in/newgazette/goi1.pdf>

For Coal, information is released via Press Releases. The Ministry of coal has a page that links to the Press Information Bureau of India and a searchable database of releases.

Available at: <http://pib.nic.in/newsite/pmreleases.aspx?mincode=42>

Information is also published in the Annual Reports, available at: <http://www.coal.nic.in/welcome.html>

The 2010 Annual Report is available at <http://www.coal.nic.in/annrep1011.pdf>

Data contained as Annexures to the Annual Report are available at <http://www.coal.nic.in/anx0607.pdf> (however, it must be noted that these Annexures are from 2006, and hence are outdated).

The general perception seems to be that as there is a lot less private sector participation in the Coal Sector, not all information is published on a regular basis.

The Ministry of Mines also publishes an Annual Report, available at

<http://mines.nic.in/index.aspx?clt=131&lang=1>

Again, this does not seem to be regularly updated.

It must be noted that individual states should in theory also publish mineral operations as part of their annual reports or economic surveys.

References:

(a) The Ministry of Petroleum and Natural gas publishes press releases after the conclusion of each bidding round, and after the signing of the production sharing contracts (the latter occurs after a time lag). These press releases are published on the website of the Press Information Bureau of India, which

maintains an online archive (dating back to 2003), which can be searched by entering 'New Exploration Licensing Policy' and selecting the 'Ministry of Petroleum' and a date range.
<http://pib.nic.in/newsite/AdvSearch.aspx>

This information includes the names of the bidding companies and the names of the blocks/acreages awarded. It does not include information on the terms of the bid, such as cost recovery/ profit share/ work programme. This information can however be requested by any Citizen of India by applying through the Right to Information Act, 2005, and paying a small fee of 10 rupees (or \$0.22).

Weblink to Act: <http://petroleum.nic.in/rti-act.pdf>

Weblink to Officers in Charge of Handling Requests for Information Under the Right to Information Act: <http://petroleum.nic.in/pios.html>

The Ministry must respond within a month, and must provide valid grounds for refusal of requests for information under the Right to Information Act, 2005.

(b) The Ministry of Petroleum and Natural Gas publishes frequently-sought information on its website under the aegis of the Right to Information Act, 2005 (a Freedom of Information Law applicable to all government agencies in India). This information contains data and information relating to the licensing rounds. It is available at:

<http://petroleum.nic.in/rtimopng.htm>

Number 13 on the list pertains specifically to information after licensing procedures, although this appears to be dated. For instance, it contains data on investments made under the first three licensing rounds.

Investments made in first bidding round: petroleum.nic.in/NELP-I.doc

Investments made in second bidding round: petroleum.nic.in/NELP-II.doc

Investments made in third bidding round: petroleum.nic.in/NELP-III.doc

1.2 Contract transparency

1.2.007: Are all contracts, agreements or negotiated terms for exploration and production, regardless of the way they are granted, disclosed to the public?

Score: A B C D E

Comments:

For coal and minerals, contracts do not appear to be disclosed to the public or published online. This appears to be due to two factors 1) The government has a dominant presence in the entire chain of production and distribution and 2) The system for allocation is entirely government controlled, with auctions only for a small percentage of coal sector production.

References:

Anonymous Interviewee, Directorate General of Hydrocarbons, September 2011.

1.2.008 Environmental and social impact assessments

1.2.008.a: Does legislation require that mining, gas and oil development projects prepare an environmental impact assessment prior to the award of any mineral rights or project implementation?

Score: A B C

Comments:

The Environment Protection Act, 1986, empowers the Government of India, through the Ministry of Forests and Environment, to frame and implement Rules on environmental protection. Accordingly, the

Environment Impact Assessment Rules, 2006, set out the requirements, method and format for Environment Impact Assessments, and specify which types of projects these apply to. As seen above, in the Schedule to the Rules, offshore and onshore oil and gas mining projects require Environmental Impact Assessments. The Model Production Sharing Contract, 2010, contains an Article (14) on Protection of the Environment, which mandates these impact assessments at two stages, first prior to drilling, and second prior to developing oil and gas resources (that is, after a discovery has been made).

The Schedule on p.10 of the Environmental Impact Assessment Rules, 2006, 1(a) includes:

"Mining of minerals" in two categories:

Category A: ' >= 50 ha. of mining lease area Asbestos mining irrespective of mining area"

Category B: "<50 ha and >= 5 ha .of mining lease area."

"General Condition shall apply. Note - Mineral prospecting (not involving drilling) are exempted provided the concession areas have got previous clearance for physical survey."

Also see the Directorate General of Hydrocarbons, Environmental Impact Assessment Notification, available on its website at: <http://www.dghindia.org/pdf/EIANotification2006%28so1533%29-14092006%5B2%5D.pdf>

Uploaded as attachment.

The same Environmental Impact Assessment laws apply to the coal and mineral sectors. Also see Noronha et al (2010) Resource Federalism in India: The Case of Minerals, Economic and Political Weekly, Vol XLIV (8), p.54 (environmental and livelihood protection)

The authors discuss how these assessments are often overlooked.

Uploaded as attachment.

The Extractive Sectors (particularly coal and minerals, as they are based primarily onshore) are also subject to:

The Forest Conservation Act, 1980

The Land Acquisition Act, 1894

Panchayats Extension to Scheduled Areas Act, 1996

Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights) Act, 2006

Water (Prevention and Control of Pollution) Act, 1974

Air (Prevention and Control of Pollution)Act, 1981

References:

(a) The Environmental Protection Act, 1986

Clauses 3(1), 3(2) and 3(3)

This Act gives the Central Government the power to frame Rules relating to the protection of the environment.

Available at http://moef.nic.in/downloads/rules-and-regulations/eprotect_act_1986.pdf

(b) Environmental Impact Assessment Rules, 2006.

Page 1, and Page 10, 1(b) of Schedule.

Available at: <http://www.moef.nic.in/legis/eia/so1533.pdf>

Also available through the website of the Directorate General of Hydrocarbons at:

<http://www.dghindia.org/pdf/EIANotification2006%28so1533%29-14092006%5B2%5D.pdf>

Excerpt , p.1 "the Central Government hereby directs that on and from the date of its publication the required construction of new projects or activities or the expansion or modernization of existing projects or activities listed in the Schedule to this notification entailing capacity addition with change in process and or technology shall be undertaken in any part of India only after the prior environmental clearance from the Central Government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central Government under sub-section...."

Excerpt, Schedule on page 10, 1(b)

"Offshore and onshore oil and gas exploration, development & production

(3) of section 3 of the said Act, in accordance with the procedure specified hereinafter in this

notification."

"Note : Exploration Surveys (not involving drilling) are exempted provided the concession areas have got previous clearance for physical survey."

(c) Model Production Sharing Contract, Ninth Offer of Blocks, 2010

Article 14, Protection of Environment, p.35-38

Available at: <http://petroleum.nic.in/nelp93.pdf>

Excerpt from Article 14, Clause 14.5:

"The Contractor shall cause a person or persons with special knowledge on environmental matters, to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing situation relating to the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas; and

(b) to establish the likely effect on the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas in consequence of the relevant Exploration Period of Petroleum Operations to be conducted under this Contract, and to submit, for consideration by the Parties, methods and measures contemplated in Article 14.4 for minimising Environmental Damage and carrying out Site Restoration activities."

14.5.1:" The first of the aforementioned studies shall be carried out in two parts, namely, a preliminary part which must be concluded before commencement of any field work relating to a seismographic or other survey, and a final part relating to drilling in the Exploration Period. The part of the study relating to drilling operations in the Exploration Period shall be approved by Government before the commencement of such drilling operations, it being understood that such approval shall not be unreasonably withheld."

14.5.2: " The second of the aforementioned studies shall be completed before commencement of Development Operations and shall be submitted by the Contractor as part of the Development Plan, with specific approval of Government being obtained before commencement of Development Operations, it being understood that such approval shall not be unreasonably withheld."

Peer Review Comments:

Regulations exist but are often overlooked especially in regard to coal mining in protected forest areas and in tribal regions.

1.2.008.b: Are environmental impact assessments for oil, gas and mining projects published by the authority in charge of regulating the sector and is there a consultation process?

Score: A B C **D** E

Comments:

Although Environmental Impact Assessments are required to be carried out by Law, their publication for public viewing does not appear to be mandatory. The Environmental Impact Assessment Notification of 2006, Clause 7, lays out the stages in the carrying out of Environmental Impact Assessments (excerpt in box above). Stage III of the process allows for a public consultation, where members of the public can request, in writing, results from the Environmental Impact Assessments carried out by exploration companies which may provide answers addressing their concerns.

Relevant excerpt: " For obtaining responses in writing from other concerned persons having a plausible stake in the environmental aspects of the project or activity, the concerned regulatory authority and the State Pollution Control Board (SPCB) or the Union territory Pollution Control Committee (UTPCC) shall invite responses from such concerned persons by placing on their website the Summary EIA report prepared in the format given in Appendix IIIA by the applicant along with a copy of the application in the prescribed form , within seven days of the receipt of a written request for arranging the public hearing . Confidential information including non-disclosable or legally privileged information involving Intellectual Property Right, source specified in the application shall not be placed on the web site. The regulatory authority concerned may also use other appropriate media for ensuring wide publicity about the project or activity. The regulatory authority shall, however, make available on a written request from

any concerned person the Draft EIA report for inspection at a notified place during normal office hours till the date of the public hearing."

However, although the Notification states that a 'Summary EIA' may be made available by the federal or state environmental agency on their website, the contents of the report do not appear to required to be disclosed in full. Further, the excerpt from the sources box above also states:

"If the public agency or authority nominated under the sub paragraph (iii) above reports to the regulatory authority concerned that owing to the local situation, it is not possible to conduct the public hearing in a manner which will enable the views of the concerned local persons to be freely expressed, it shall report the facts in detail to the concerned regulatory authority, which may, after due consideration of the report and other reliable information that it may have, decide that the public consultation in the case need not include the public hearing."

This implies that the public consultation process may be bypassed in some cases.

Further, the excerpt from above states:

"After completion of the public consultation, the applicant shall address all the material environmental concerns expressed during this process, and make appropriate changes in the draft EIA and EMP. The final EIA report, so prepared, shall be submitted by the applicant to the concerned regulatory authority for appraisal. The applicant may alternatively submit a supplementary report to draft EIA and EMP addressing all the concerns expressed during the public consultation."

This implies that the final report or supplementary report following the public consultation may not mandatorily be required to be disclosed to the public.

Further, this researcher found that the Directorate General of Hydrocarbons appears to have carried out Environmental Impact Assessments of regions, independently - by commissioning studies from expert organisations. For details, see:

<http://www.dghindia.org/OtherActivites.aspx?tab=2#5>

In addition, a general search for Environmental Impact Assessment Reports on the internet showed that some companies, particularly the state-owned exploration companies, appear to have published full or summary reports of their Environmental Impact Assessments.

Example 1: Oil India Limited, EIA for exploratory drilling,

Available at:

<http://mizennis.nic.in/mpcb/MIZ%20EIA%20PDF/%28Draft%29%20EIA%20report%20for%20exploratory%20drilling%20-%20Oil%20India%20Ltd.pdf>

Attached in uploads.

Example 2: Oil and Natural gas Corporation, EIA for exploratory drilling

Available at: <http://www.indiaenvironmentportal.org.in/files/eia-oil.pdf>

Attached in uploads.

Finally, this researcher obtained, via a more comprehensive search on the internet, a letter issued by the Ministry of Environment and Forests, issued to the Oil and Natural Gas Corporation, approving an Environmental Impact Assessment conducted by it, and directing the company to publish the letter on its website. Available at:

http://www.ongcindia.com/download/enviro_clearance/EC%20NELP-WOB.pdf

Attached in uploads.

All the above evidence suggests that there is no unified rule for the publication of Environmental Impact Assessment reports. These appear to be carried out on a case-by-case basis, and in some instances, (publications) do not involve the regulatory authority in charge of hydrocarbons (the Directorate General of Hydrocarbons).

References:

GOVERNMENT SOURCES:

(a) Environmental Impact Assessment Notification, 2006,

Clause 7. Stages in the Prior Environmental Clearance (EC) Process for New Projects

Available at:

<http://www.dghindia.org/pdf/EIANotification2006%28so1533%29-14092006%5B2%5D.pdf>

Attached as uploaded document.

Excerpt from Clause 7, page 5:

III. Stage (3) - Public Consultation:

(i) "Public Consultation" refers to the process by which the concerns of local affected persons and others who have plausible stake in the environmental impacts of the project or activity are ascertained with a view to taking into account all the material concerns in the project or activity design as appropriate. All Category 'A' and Category B1 projects or activities shall undertake Public Consultation, except the following:-

(a) modernization of irrigation projects (item 1(c) (ii) of the Schedule).

(b) all projects or activities located within industrial estates or parks (item 7(c) of the Schedule) approved by the concerned authorities, and which are not disallowed in such approvals.

(c) expansion of Roads and Highways (item 7 (f) of the Schedule) which do not involve any further acquisition of land.

(d) all Building /Construction projects/Area Development projects and Townships (item 8).

(e) all Category 'B2' projects and activities.

(f) all projects or activities concerning national defence and security or involving other strategic considerations as determined by the Central Government.

(ii) The Public Consultation shall ordinarily have two components comprising of:-

(a) a public hearing at the site or in its close proximity- district wise, to be carried out in the manner prescribed in Appendix IV, for ascertaining concerns of local affected persons;

(b) obtain responses in writing from other concerned persons having a plausible stake in the environmental aspects of the project or activity.

(iii) the public hearing at, or in close proximity to, the site(s) in all cases shall be conducted by the State Pollution Control Board (SPCB) or the Union territory Pollution Control Committee (UTPCC) concerned in the specified manner and forward the proceedings to the regulatory authority concerned within 45(forty five days) of a request to the effect from the applicant.

(iv) in case the State Pollution Control Board or the Union territory Pollution Control Committee concerned does not undertake and complete the public hearing within the specified period, and/or does not convey the proceedings of the public hearing within the prescribed period directly to the regulatory authority concerned as above, the regulatory authority shall engage another public agency or authority which is not subordinate to the regulatory authority, to complete the process within a further period of forty five days,.

(v) If the public agency or authority nominated under the sub paragraph (iii) above reports to the regulatory authority concerned that owing to the local situation, it is not possible to conduct the public hearing in a manner which will enable the views of the concerned local persons to be freely expressed, it shall report the facts in detail to the concerned regulatory authority, which may, after due consideration of the report and other reliable information that it may have, decide that the public consultation in the case need not include the public hearing.

(vi) For obtaining responses in writing from other concerned persons having a plausible stake in the environmental aspects of the project or activity, the concerned regulatory authority and the State Pollution Control Board (SPCB) or the Union territory Pollution Control Committee (UTPCC) shall invite responses from such concerned persons by placing on their website the Summary EIA report prepared in the format given in Appendix IIIA by the applicant along with a copy of the application in the prescribed form , within seven days of the receipt of a written request for arranging the public hearing . Confidential information including non-disclosable or legally privileged information involving Intellectual Property Right, source specified in the application shall not be placed on the web site. The regulatory authority concerned may also use other appropriate media for ensuring wide publicity about the project or activity. The regulatory authority shall, however, make available on a written request from any concerned person the Draft EIA report for inspection at a notified place during normal office hours till the date of the public hearing. All the responses received as part of this public consultation process shall be forwarded to the applicant through the quickest available means.

(vii) After completion of the public consultation, the applicant shall address all the material environmental concerns expressed during this process, and make appropriate changes in the draft EIA and EMP. The final EIA report, so prepared, shall be submitted by the applicant to the concerned regulatory authority for appraisal. The applicant may alternatively submit a supplementary report to draft EIA and EMP addressing all the concerns expressed during the public consultation.

(b) Model Production Sharing Contract, Ninth Offer of Blocks, 2010

Article 14, Available at:

<http://petroleum.nic.in/nelp93.pdf>

The Article does not explicitly mention the requirement to publish or make Environmental Impact Assessments available to the public.

The Article only mentions an Expert Advisory Committee, and the 'relevant Parties' to the exploration contract, as being explicitly involved in the process.

Excerpt from Article, 14.5, p.36:

"14.5 The Contractor shall cause a person or persons with special knowledge on environmental matters, to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing situation relating to the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas; and

(b) to establish the likely effect on the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas in consequence of the relevant Exploration Period of Petroleum Operations to be conducted under this Contract, and to submit, for consideration by the Parties, methods and measures contemplated in Article 14.4 for minimising Environmental Damage and carrying out Site Restoration activities."

MEDIA REPORTS:

(a) "Environmentalists oppose Reliance's oil project: India", Press Trust of India, 10 June 2006. Available at http://www.ioseaturtles.org/headline_detail.php?id=379

Peer Review Comments:

Essential information for all stakeholders. MOEF publishes guidelines for mineral EIA

<http://coe.mse.ac.in/Guidelines.asp>

1.2.008.c: Does legislation require that mining, gas and oil development projects prepare a social impact assessment?

Score: A **B** C

Comments:

Although a Social Impact Assessment is part of the Environmental Impact Assessment mandated by legislation, in practice it is unclear what level of importance it assumes.

The same Environmental Impact Assessment laws apply to the coal and mineral sectors. Also see Noronha et al (2010) Resource Federalism in India: The Case of Minerals, Economic and Political Weekly, Vol XLIV (8), p.54 (environmental and livelihood protection)

The authors discuss how these assessments are often overlooked.

Uploaded as attachment.

References:

GOVERNMENT SOURCES:

(a) Environmental Impact Assessment Notification, 2006,

Available at:

<http://www.dghindia.org/pdf/EIANotification2006%28so1533%29-14092006%5B2%5D.pdf>

Attached as uploaded document.

The Environmental Protection Act (1986) provides the Central (Federal) government with powers to frame rules on matters relating to Environmental Protection. The Environmental Impact Assessment Notification (2006) comes under the aegis of this legislation.

Appendix 3 of the Environmental Impact Assessment Notification details the 'Generic Structure of Environment Impact Assessment Document'

Point number 7 (page 33) lists a Social Impact Assessment as part of 'Additional Studies'.

(b) Model Production Sharing Contract, Ninth Offer of Blocks, 2010

Article 14, Available at:

<http://petroleum.nic.in/nelp93.pdf>

Attached as uploaded document.

The Article mentions the likely effect of exploration projects on local communities as being part of each

of the two Environmental Impact Assessments.

Excerpt from Article, 14.5, p.36:

"14.5 The Contractor shall cause a person or persons with special knowledge on environmental matters, to carry out two environmental impact studies in order:

(a) to determine at the time of the studies the prevailing situation relating to the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas; and

(b) to establish the likely effect on the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas in consequence of the relevant Exploration Period of Petroleum Operations to be conducted under this Contract, and to submit, for consideration by the Parties, methods and measures contemplated in Article 14.4 for minimising Environmental Damage and carrying out Site Restoration activities."

Peer Review Comments:

Social impact issues are being raised by NGOs in particular

<http://www.mmpindia.org/>

1.2.008.d: Are social impact assessments for oil, gas and mining projects published and is there a consultation process?

Score: A B C D E

Comments:

Although Environmental Impact Assessments (of which Social Impact Assessments are a part) are required to be carried out by Law, the requirement on their publication for public viewing does not appear to be mandatory. The Environmental Impact Assessment Notification of 2006, Clause 7, lays out the stages in the carrying out of Environmental Impact Assessments (excerpt in box above). Stage III of the process allows for a public consultation, where members of the public can request, in writing, results from the Environmental Impact Assessments carried out by exploration companies which may provide answers addressing their concerns.

Relevant excerpt: " For obtaining responses in writing from other concerned persons having a plausible stake in the environmental aspects of the project or activity, the concerned regulatory authority and the State Pollution Control Board (SPCB) or the Union territory Pollution Control Committee (UTPCC) shall invite responses from such concerned persons by placing on their website the Summary EIA report prepared in the format given in Appendix IIIA by the applicant along with a copy of the application in the prescribed form , within seven days of the receipt of a written request for arranging the public hearing . Confidential information including non-disclosable or legally privileged information involving Intellectual Property Right, source specified in the application shall not be placed on the web site. The regulatory authority concerned may also use other appropriate media for ensuring wide publicity about the project or activity. The regulatory authority shall, however, make available on a written request from any concerned person the Draft EIA report for inspection at a notified place during normal office hours till the date of the public hearing."

However, although the Notification states that a 'Summary EIA' may be made available by the federal or state environmental agency on their website, the contents of the report do not appear to be required to be disclosed in full. Further, the excerpt from the sources box above also states:

"If the public agency or authority nominated under the sub paragraph (iii) above reports to the regulatory authority concerned that owing to the local situation, it is not possible to conduct the public hearing in a manner which will enable the views of the concerned local persons to be freely expressed, it shall report the facts in detail to the concerned regulatory authority, which may, after due consideration of the report and other reliable information that it may have, decide that the public consultation in the case need not include the public hearing."

This implies that the public consultation process may be bypassed in some cases.

Further, the excerpt from above states:

"After completion of the public consultation, the applicant shall address all the material environmental concerns expressed during this process, and make appropriate changes in the draft EIA and EMP. The final EIA report, so prepared, shall be submitted by the applicant to the concerned regulatory authority for appraisal. The applicant may alternatively submit a supplementary report to draft EIA and EMP addressing all the concerns expressed during the public consultation."

This implies that the final report or supplementary report following the public consultation may not mandatorily be required to be disclosed to the public.

Further, this researcher found that the Directorate General of Hydrocarbons appears to have carried out Environmental Impact Assessments of regions, independently - by commissioning studies from expert organisations. For details, see:

<http://www.dghindia.org/OtherActivites.aspx?tab=2#5>

In addition, a general search for Environmental Impact Assessment Reports on the internet showed that some companies, particularly the state-owned exploration companies, appear to have published full or summary reports of their Environmental Impact Assessments. However, these Assessments contained no details of Social Impact Assessments.

Example 1: Oil India Limited, EIA for exploratory drilling,

Available at:

<http://mizervis.nic.in/mpcb/MIZ%20EIA%20PDF/%28Draft%29%20EIA%20report%20for%20exploratory%20drilling%20-%20Oil%20India%20Ltd.pdf>

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Example 2: Oil and Natural gas Corporation, EIA for exploratory drilling

Available at: <http://www.indiaenvironmentportal.org.in/files/eia-oil.pdf>

All the above evidence suggests that there is no unified rule for the publication of Environmental Impact Assessment reports (and particularly of separate Social Impact Assessments). These appear to be carried out on a case-by-case basis, and in some instances, (publications) do not involve the regulatory authority in charge of hydrocarbons (the Directorate General of Hydrocarbons).

The same Environmental Impact Assessment laws apply to the coal and mineral sectors. Also see Noronha et al (2010) Resource Federalism in India: The Case of Minerals, Economic and Political Weekly, Vol XLIV (8), p.54 (environmental and livelihood protection)

The authors discuss how these assessments are often overlooked.

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References:

GOVERNMENT SOURCES:

(a) Environmental Impact Assessment Notification, 2006,

Clause 7. Stages in the Prior Environmental Clearance (EC) Process for New Projects.

Appendix 3 of the Environmental Impact Assessment Notification details the 'Generic Structure of Environment Impact Assessment Document'

Point number 7 (page 33) lists a Social Impact Assessment as part of 'Additional Studies'.

Available at:

<http://www.dghindia.org/pdf/EIANotification2006%28so1533%29-14092006%5B2%5D.pdf>

Attached as uploaded document.

Excerpt from Clause 7, page 5:

III. Stage (3) - Public Consultation:

(i) "Public Consultation" refers to the process by which the concerns of local affected persons and others who have plausible stake in the environmental impacts of the project or activity are ascertained with a view to taking into account all the material concerns in the project or activity design as appropriate. All Category 'A' and Category B1 projects or activities shall undertake Public Consultation, except the following:-

(a) modernization of irrigation projects (item 1(c) (ii) of the Schedule).

(b) all projects or activities located within industrial estates or parks (item 7(c) of the Schedule) approved by the concerned authorities, and which are not disallowed in such approvals.

(c) expansion of Roads and Highways (item 7 (f) of the Schedule) which do not involve any further acquisition of land. (d) all Building /Construction projects/Area Development projects and Townships (item 8).

- (e) all Category 'B2' projects and activities.
- (f) all projects or activities concerning national defence and security or involving other strategic considerations as determined by the Central Government.
- (ii) The Public Consultation shall ordinarily have two components comprising of:-
- (a) a public hearing at the site or in its close proximity- district wise, to be carried out in the manner prescribed in Appendix IV, for ascertaining concerns of local affected persons;
- (b) obtain responses in writing from other concerned persons having a plausible stake in the environmental aspects of the project or activity.
- (iii) the public hearing at, or in close proximity to, the site(s) in all cases shall be conducted by the State Pollution Control Board (SPCB) or the Union territory Pollution Control Committee (UTPCC) concerned in the specified manner and forward the proceedings to the regulatory authority concerned within 45(forty five days) of a request to the effect from the applicant.
- (iv) in case the State Pollution Control Board or the Union territory Pollution Control Committee concerned does not undertake and complete the public hearing within the specified period, and/or does not convey the proceedings of the public hearing within the prescribed period directly to the regulatory authority concerned as above, the regulatory authority shall engage another public agency or authority which is not subordinate to the regulatory authority, to complete the process within a further period of forty five days,.
- (v) If the public agency or authority nominated under the sub paragraph (iii) above reports to the regulatory authority concerned that owing to the local situation, it is not possible to conduct the public hearing in a manner which will enable the views of the concerned local persons to be freely expressed, it shall report the facts in detail to the concerned regulatory authority, which may, after due consideration of the report and other reliable information that it may have, decide that the public consultation in the case need not include the public hearing.
- (vi) For obtaining responses in writing from other concerned persons having a plausible stake in the environmental aspects of the project or activity, the concerned regulatory authority and the State Pollution Control Board (SPCB) or the Union territory Pollution Control Committee (UTPCC) shall invite responses from such concerned persons by placing on their website the Summary EIA report prepared in the format given in Appendix IIIA by the applicant along with a copy of the application in the prescribed form , within seven days of the receipt of a written request for arranging the public hearing . Confidential information including non-disclosable or legally privileged information involving Intellectual Property Right, source specified in the application shall not be placed on the web site. The regulatory authority concerned may also use other appropriate media for ensuring wide publicity about the project or activity. The regulatory authority shall, however, make available on a written request from any concerned person the Draft EIA report for inspection at a notified place during normal office hours till the date of the public hearing. All the responses received as part of this public consultation process shall be forwarded to the applicant through the quickest available means.
- (vii) After completion of the public consultation, the applicant shall address all the material environmental concerns expressed during this process, and make appropriate changes in the draft EIA and EMP. The final EIA report, so prepared, shall be submitted by the applicant to the concerned regulatory authority for appraisal. The applicant may alternatively submit a supplementary report to draft EIA and EMP addressing all the concerns expressed during the public consultation.

(b) Model Production Sharing Contract, Ninth Offer of Blocks, 2010

Article 14, Available at:

<http://petroleum.nic.in/nelp93.pdf>

The Article does not explicitly mention the requirement to publish or make Environmental Impact Assessments (of which Social Impact Assessments are a part) available to the public.

The Article only mentions an Expert Advisory Committee, and the 'relevant Parties' to the exploration contract, as being explicitly involved in the process.

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"14.5 The Contractor shall cause a person or persons with special knowledge on environmental matters, to carry out two environmental impact studies in order:

- (a) to determine at the time of the studies the prevailing situation relating to the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas; and
- (b) to establish the likely effect on the environment, human beings and local communities, the flora and fauna in the Contract Area and in the adjoining or neighbouring areas in consequence of the relevant Exploration Period of Petroleum Operations to be conducted under this Contract, and to submit, for consideration by the Parties, methods and measures contemplated in Article 14.4 for minimising

Environmental Damage and carrying out Site Restoration activities."

MEDIA REPORTS:

(a) "Environmentalists oppose Reliance's oil project: India", Press Trust of India, 10 June 2006. Available at http://www.ioseaturtles.org/headline_detail.php?id=379

Peer Review Comments:

Many community actions in regard to mining

<http://www.mmpindia.org/>

1.2 Access to information and legislation

1.2.009: Does the government publish detailed mineral/hydrocarbon resource legislation?

Score: (A) B C D E

Comments:

The Oilfields (Regulation and Development) Act, 1934 (amended from time to time) contains key principles for fiscal terms, and also grants the Central or Federal government the authority to amend these. In terms of level of detail, the Act for instance specifies that royalties from the production and sale of oil cannot exceed 20 percent. It therefore allows the Central Government some flexibility. This is the general tone of the Act on the fiscal terms for exploration, i.e. it sets out clear guidelines regarding ownership of resources and the residual power of the Central Government to make amendments and set the rules. However, it does not contain details of the fiscal system to be used - and therefore does not detail the profit sharing formula used in Production Sharing Contracts. It does, however, grant the Central Government the discretion to set the formula. The details of the profit sharing formula and other details of fiscal terms are set out in the Model Production Sharing Contract (link provided above).

Additionally, the Oilfields (Regulation and Development) Act, 1934, combined with the Petroleum and Natural Gas Rules, 1959, set out details relating to license fees, land rentals, penalties and so forth. These (amounts of fees) have been updated frequently via the issuance of Notifications by the Central Government (such as those in 2002 and 2009, provided in the links above).

There is detailed legislation published on the coal and mining sectors.

National Mineral Policy: http://mines.nic.in/writereaddata/filelinks/88753b05_NMP2008.pdf

State Mineral Policy: <http://mines.nic.in/index.aspx?level=1&lid=77&lang=1>

Minerals

The Mines and Minerals Regulation and Development Act (amended in 2011):

<http://164.100.24.219/BillsTexts/LSBillTexts/asintroduced/Mines%20110%20of%202011.pdf>

Recent Amendments to the Act:

<http://mines.nic.in/writereaddata/Contentlinks/b57fa3c775b1436a956e5a149c83f14e.pdf>

References:

ACADEMIC SOURCES

(a) Noronha, L. and Srivastava, N (2010) Oil and Gas Management and Revenues in India, Conference on Oil and Gas in Federal Systems, Washington D.C.

Available at:

http://siteresources.worldbank.org/EXTOGMC/Resources/336929-1266445624608/Framework_Paper_India2.pdf

GOVERNMENT SOURCES:

(a) The Oilfields (Regulation and Development) Act, 1948
Available at: <http://petroleum.nic.in/ordact.pdf>

(b) Model Production Sharing Contract, 2010
Available at: <http://petroleum.nic.in/nelp93.pdf>

(c) The Petroleum and Natural Gas Rules, 1959
Available at: <http://petroleum.nic.in/nelp93.pdf>
Amendments in 2002 and 2009, available at:
<http://petroleum.nic.in/Rules2002.pdf>
<http://petroleum.nic.in/gaz2009.pdf>

1.2.010: This country has adopted a rule or legislation that provides for disclosure of information in the oil, gas and mineral sectors.

Score: (A) B C D E

Comments:

The RTI Act also applies to the coal and minerals sectors.

References:

The Right to Information (RTI) Act, 2005.
<http://petroleum.nic.in/rti-act.pdf>

Each Ministry or Government Department has designated Public Information Officers to respond to requests under this Act. For the Ministry of Petroleum and Natural Gas, a list of Officers is available at:
<http://petroleum.nic.in/PIO1.pdf>
<http://petroleum.nic.in/PIO1.pdf>

Responses to requests under the Act are published on the website of the Ministry, at:
<http://petroleum.nic.in/rtiact2005.htm>
However, this list appears to be outdated (2006).

The Ministry also independently publishes a list of what may be frequently-sought information, available at:
<http://petroleum.nic.in/rtimopng.htm>

Peer Review Comments:

State mining authorities also follow this act, for example


www.imd-gujarat.gov.in/RTI_Act/rti-contact.html

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India - RWI Index Questionnaire

Legal Framework and Practices

[Back](#)

Indicator	Score
1.3 Legal Framework and Practices	40 

1.3 Legal Framework and Practices

1.3.011: The authority in charge of awarding licenses or contracts for mineral or hydrocarbon production is independent of the state owned company (SOC) or other operating companies.

Score: A B C

Comments:

The Directorate General of Hydrocarbons submits its analysis to the Empowered Committee of Secretaries, which then makes its recommendations to the Cabinet Committee on Economic Affairs - that are eventually officially approved by the Cabinet Committee on Economic Affairs. The Empowered Committee of Secretaries holds discretionary powers to accept or reject the recommendations of the Directorate General of Hydrocarbons.

It must be noted that the Directorate General of Hydrocarbons is staffed by employees on secondment from the main National Oil Companies (State Owned Companies). Accordingly, approximately 75 percent of its staff are drawn from the Oil and Natural Gas Corporation of India (ONGC, the main upstream exploration company) and the rest from from Oil India Limited (OIL, the second upstream exploration company), Indian Oil Corporation (IOCL, a state-owned refining company) and Bharat Petroleum Coporation Limited (BPCL - a state owned refining and marketing company).

Supporting evidence available at:
<http://www.dghindia.org/Staffing.aspx>

This staffing procedure makes the role of the Directorate General of Hydrocarbons as the upstream regulator somewhat complex, although in theory there is supposed to be the separation of the regulator from the state-owned companies. This may however, come down to the fact that the technical expertise essential to the operation of the Regulator is to be found in these state-owned companies.

It must also be noted that the Directorate General of Hydrocarbons serves as Regulator to the State Owned Exploration companies as well. Its role with respect to this function is clearly defined in 'Guidelines for the Management of Oil and Gas Resources' available online at:

<http://petroleum.nic.in/ogmgmt.pdf>

This document is also uploaded.

For these reasons, although the regulator is formally autonomous, the score for this question is marked as not independent.

In the coal and minerals sectors, the Ministry of Coal and the Ministry of Mines maintain oversight of the entire sector.

References:

A Cabinet Committee on Economic Affairs of the Government of India awards hydrocarbon exploration licenses (Gazette of India, no. 42, published 25 February 1999, page 4, item xix).

Weblink: <http://petroleum.nic.in/newgazette/goi1.pdf>

For the current composition of the Cabinet Committee on Economic Affairs, see page 3 of the following weblink:

http://cabsec.nic.in/files/allocation/cabinet_committees.pdf

However, the recommendations on which licenses to grant and to whom are actually made by an Empowered Committee of Secretaries.

Gazette of India, no. 42, published 25 February 1999, page 4, item xix).

Weblink: <http://petroleum.nic.in/newgazette/goi1.pdf>

For an illustration of the process, see uploaded document press release dated 23 March 2012 announcing the results of the latest (ninth) round of exploration under the current fiscal regime, which is a publicly available document.

The organisation of the bidding rounds and the evaluation of the bids is carried out by the Directorate General of Hydrocarbons, the upstream regulator which operates under the aegis of the Ministry of Petroleum and Natural Gas.

See clauses 4 a and 4d or the original notification of these functions of the Directorate General of Hydrocarbons at weblink: <http://www.dghindia.org/pdf/Resolution.pdf>.

Scanned version of the original notification is uploaded in document titled 'DGH Resolution 1993'.

1.3.012: Is the licensing process intended to be open and competitive to all qualified companies?

Score: A B C D E

Comments:

In the oil and gas sector, licenses are auctioned through an extremely transparent procedure – where bidders are scored on predefined criteria and the highest scorer receives the license. Bids are opened in front of all bidders on a predetermined date, and read out. This leaves little room for discretion, regardless of the fact that there may be problems with enforcement ex post. Evidence does not suggest that a similar system applies to minerals – and there may be some degree of discretion involved in the allocation of licenses.

ONGC (Oil and Natural gas Corporation) and OIL (Oil India Limited) are the two state-owned upstream exploration companies or National Oil Companies in India.

Prior to 1999, a mix of fiscal systems existed: under one system, called the 'nomination' system, ONGC and OIL were simply awarded Petroleum Exploration Licenses (PEL) for areas that they wished to explore in. This was a completely state-owned and operated setup. In the early 1990s, the system moved to a mixed public-private Joint Venture system, where private companies could enter into Joint Ventures with the National Oil Companies, provided that the latter had a 30 percent carried interest (which was converted into a working interest upon any discovery of hydrocarbons) in the Venture. The New Exploration Licensing Policy, which was meant to replace all earlier systems, aimed at providing a level field for public and private companies.

However, as Azhar (2011) notes in his paper, the New Exploration Licensing Policy may have given rise to a duopoly, with one private domestic exploration company (Reliance Industries Limited) and one public company (ONGC) carrying out most exploration activity in the country.

This may have more to do with post-licensing monitoring, and has been addressed in a recent Audit on a sample of 22 Production Sharing Contracts carried out by the Comptroller and Auditor General of India. The full report is available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/Report_19.html

However, the executive summary (pages x -xv) provide a succinct account of the main findings, and is available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/exe-sum.pdf

As stated earlier, the minerals and coal sector are not competitive and are primarily government owned and operated, with very little private sector participation.

According to the Ministry of Mines, the public sector accounts for over 85 percent of the total value of mineral production, although it is undergoing phased privatization. (See <http://mines.nic.in/imsene.html#CONTRIBUTION%20OF%20THE%20PUBLIC%20SECTOR>)

The private sector does have a share in the production of minerals. However, these minerals are for the captive use of the companies which produce them. This to me does not entail 'competitiveness', as the definition of a competitive market is one with public and private sector companies competing to produce and sell goods to consumers within a traded market. Therefore, although Tata Steel Company may own and produce minerals, the fact that these are not marketed to final consumers but used as intermediate inputs by the producer per se suggests that the sector is not competitive. The statistics provided by the Department of Mines above (85 percent) combined with the statistic provided by the article cited by the peer reviewer (some 700 mines are owned by public sector companies and some 2,000 by private sector companies) suggests that the majority of privately owned mines are captive mines. Another point of difference between hydrocarbons and minerals is that hydrocarbons licenses do not permit the license holder to utilise hydrocarbons for captive use.

See also: Planning Commission (2012) "Emerging Issues in India's MInerals Sector", p.46, table 4.11 - Top thirty producers of minerals in terms of value of production in India (2010-11)"

Available at

<http://www.indiaenvironmentportal.org.in/files/file/Emerging%20Issues%20in%20India%E2%80%99s%20Mineral%20Sector.pdf>

References:

ACADEMIC SOURCES:

(a) Azhar, M (2011) 'New Exploration Licensing Policy in India', OPEC Energy Review, p.174,p.176. Uploaded in attachments.

Excerpt from Abstract, p.174: "In India, the exploration and production (E&P) activities in petroleum sector had been the protected domain of the public sector oil companies. The government of India has been implementing the policies of liberalisation and reforms in the Indian economy for two decades. This was extended to the petroleum sector also. The exploration policy was also revised and new exploration licensing policy was introduced in 1999. Foreign and private companies were also permitted to participate in the ensuing bidding rounds. Hundred per cent foreign direct investment (FDI) was permitted in E&P sector. Many incentives were extended to the investors. The bid evaluation system was made transparent, and level playing field was promised to all participating companies, domestic or foreign, public or private."

GOVERNMENT SOURCES:

(b) Government of India Gazette Notification of the Launch of the New Exploration Licensing Policy (NELP), 25 February, 1999.

Available at:

Uploaded as attachment.

(Please scroll through the document to the English language version as it is published in Hindi and English).

Relevant Excerpts:

Clause (i) "There will be no mandatory participation through ONGC/OIL, nor will there be any carried interest of the State."

Clause (ii): "ONGC/OIL to compete for obtaining the Petroleum Exploration Licenses on a competitive basis instead of the existing system of granting them PELs on nomination basis. At the same time, ONGC and OIL will also get the same fiscal and contract terms as available to private companies."

Peer Review Comments:

I question the comment that the mineral sector is not competitive with very little private sector participation.

For example Tata Steel company has large mines of chromite, coal and iron ore which they use for their captive consumption.

www.greenworldinvestor.com/2011/04/22/

1.3.013: Does the licensing process or legislation impose limits to discretionary powers of the authority in charge of awarding licenses or contracts?

Score: A B C D E

Comments:

Under existing legislation, the Government of India has the authority to frame and make amendments to 'Rules' on the regulation and development of oilfields (including natural gas). Depending on the nature of these amendments, they may be required to be approved by the Lower House of Parliament (also known as the Lok Sabha - equivalent to the House of Commons in the United Kingdom). These Rules are published on the website of the Ministry of Petroleum and Natural Gas, as provided in the sources above. These Rules detail the fees, rentals and other amounts relating to the use of land for exploration. Additionally, the fiscal terms for exploration and production are published in the Model Production Sharing Contracts for each exploration round. The Model Contracts vary on cost recovery limits, profit sharing, and work programmes, as these are the variables upon which bidding for exploration is carried out. However, royalty rates are fixed across all contracts. The Model Contracts have a clause providing fiscal stability. In practice, there may have been some inconsistency on this - for instance, the rates of corporation tax have reduced from the time of implementation of the New Exploration Licensing Policy, to the present time. This decrease has been passed on to exploration companies. Simultaneously, state-level service taxes have increased, and these have also been passed on to the exploration companies - the latter may have to do with India's system of fiscal federalism, under which Indian states are allowed some autonomy in fiscal policy.

With regards to procurement, and to post-award monitoring and procedure, although the Model Production Sharing Contract outlines guidelines and rules for the same, in practice, a recent Audit by the Comptroller and Auditor General of India found inconsistencies in the following of these rules related to extension of exploration periods and procurement auctions. These can be found in the Audit on Hydrocarbons Production Sharing Contracts, 2011, Chapter 7, 137-148.

Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap7.pdf

And, Executive Summary, p.xiii-xv

Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/exe-sum.pdf

In the coal and minerals sectors, given the dominance of the government in the entire chain of production and distribution, and the lack of a competitive and transparent licensing process, although the rules are laid down in legislation, it is unlikely that there are strong limits to discretionary powers. Also see Siddhanta, P. (2012) Post SC caution, MinesMin seeks legal view on mineral concessions, Indian Express, 24 April 2012

Available at: <http://www.indianexpress.com/news/post-sc-caution-minesmin-seeks-legal-view-on-mineral-concessions/940599>

See Chaturvedi, S. (2012) Scandal Spurs Indian Coal Auction Government Plans to Auction Licenses to Enhance Transparency in Beleaguered Mining Sector, Wall Street Journal, 23 April 2012, available at

<http://online.wsj.com/article/SB10001424052702303459004577361800666243424.html>

References:

GOVERNMENT SOURCES:

(a) The Oilfields (Regulation and Development) Act, 1948; Section 4, Section 5, Section 6A(4,5), Section 7(1,2)

Available at <http://petroleum.nic.in/ordact.pdf>

Uploaded as attachment.

Excerpts:

Section 4. No mining lease to be valid unless it is in accordance with this Act.

(1) No mining lease shall be granted after the commencement of this Act otherwise than in accordance with the rules made under this Act.

(2) Any mining lease granted contrary to the provision of sub-section (1) shall be void and of no effect.

Section 5. Power to make rules as respects mining leases.

(1) The Central Government may, by notification in the Official Gazette, make rules for regulating the grant of mining leases or for prohibiting the grant of such leases in respect of any mineral oil or any area.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) the manner in which, the mineral oils or areas in respect of which and the persons by whom, applications for mining lease may be made and fees to be paid on any such applications;

(b) the authority by which, the terms on which, and the conditions subject to which, mining leases may be granted;

(c) the maximum or minimum area and the period for which any mining lease may be granted and the terms on which leases in respect of contiguous areas may be amalgamated;

(d) the fixing of the maximum and minimum rent payable by a lessee, whether the mine is worked or not.

Section 6A -Royalties in respect of mineral oils.

(4) The Central Government may, by notification in Official Gazette, amend the Schedule so as to enhance or reduce the rate at which royalty shall be payable in respect of any mineral oil with effect from such date as may be specified in the notification and different rates may be notified in respect of same mineral oil mined, quarried, excavated or collected from the areas covered by different classes of mining leases; Provided that the Central Government shall not fix the rate of royalty in respect of any mineral oil so as to exceed twenty per cent of the sale price of the mineral oil at the oilfields or the oil well-head, as the case may be.

(5) If the Central Government, with a view to encourage exploration in offshore areas, is satisfied that it is necessary in the public interest to do so, it may, by notification in the Official Gazette, exempt generally, either absolutely or subject to such conditions as may be specified in the notification, mineral oil produced from such areas from the whole or any part of the royalty leviable thereon.

Section 7 -Power to make rules for modification of existing leases.

(1) The Central Government, may, by notification in the Official Gazette, make rules for the purpose of modifying or altering the terms and conditions of any mining lease granted prior to the commencement of this Act so as to bring such lease into conformity with the rules made under sections 5 & 6; Provided that any rules so made which provide for the matters mentioned in clause (c) of sub-section (2) shall not come into force until they have been approved, either with or without modifications, by the House of the People.

(2) The rules made under sub-section (1) shall provide-

(a) for giving previous notice of the modification or alteration proposed to be made thereunder to the lessee, and where the lessor is not the Central Government, also to the lessor, and for affording them an opportunity or showing cause against the proposal;

(b) for the payment of compensation by the party who would be benefited by the proposed modification or alteration to the party whose rights under the existing lease would thereby be adversely effected; and 5

(c) for the principles on which, the manner in which and the authority by which the said compensation shall be determined.

Although the Act allows discretionary powers to the Government to make/amend the Rules, these Rules are then published.

(b) The Petroleum and Natural Gas Rules, 1959

Available at: <http://petroleum.nic.in/pngrules.pdf>

Also uploaded as attachment.

2002 Amendments: <http://petroleum.nic.in/Rules2002.pdf>

2009 Amendments: <http://petroleum.nic.in/Rules2002.pdf>

These Rules specifically detail the amounts of rentals and other fees required to be paid by exploration companies.

(b) Model Production Sharing Contract, 2010

Available at: <http://petroleum.nic.in/nelp93.pdf>

Details the terms of the contract between the Government and the exploration company. Specific terms on profit sharing, cost recovery and work programmes vary according to the terms of the winning bids, and are filled in at the time of signing the contract. The rates of royalty, income tax, and other rentals and fees are fixed. The Model Production Sharing Contract is meant to have a 'fiscal stability provision'. See Notice Inviting Offers for Ninth Exploration Round, p.2

Available at: <http://petroleum.nic.in/nelp91.pdf>

Uploaded as attachment.

1.3.014: Does the legislative branch have any oversight role regarding contracts and licenses in the oil, gas and mining sector?

Score: A B C D E

Comments:

In summary, the Ministry of Petroleum and Natural Gas (and likewise, the Ministry of Mines) appear to submit to regular reviews of progress and sought by the Legislature through the Lok Sabha Questions, which may then go on to be debated further. It also submits to recommendations of the Standing Committee on Petroleum and Natural Gas. However, whether these interactions lead to active regulatory or legislative changes is very unclear. it appears that changes to legislation involving transparency in regulation in India appear to come more from public debate, than be instituted from within the legislature (the recent anti-corruption campaign is an example).

In terms of access to this information, for an ordinary citizen, it would be very cumbersome to sift through this information. There appear to be no clearly published guidelines on the regularity and content of these reports, and information is very fragmented, often requiring researchers to dig very deep. However, there is definitely published information, although it is very disorganised.

In theory, the same sorts of parliamentary procedures apply to coal and minerals.

References:

The parliamentary system followed in India is that of a bicameral legislature - there are two Houses of Parliament - the Lok Sabha (translated: 'House of the People' - similar to the House of Commons in the UK) and the Rajya Sabha (translated: 'Council of States', similar to the House of Lords). members of Parliament in the Lok Sabha are elected directly by citizens, whereas Members of the Rajya Sabha are elected from within the State Legislative Assemblies). The term of each Parliament is 5 years. The current Parliament is the 15th Lok Sabha. The next General Election is in 2014, when the 16th Lok Sabha will be elected.

There are two avenues (with corresponding sources) by which the Ministry of Petroleum and Natural Gas is accountable to the Legislature and by which the Legislature oversees the Ministry- and primarily to the Lok Sabha.

1) The first avenue is through the 'Question Hour' in the Lok Sabha. This is an organised process in theory, held on designated dates and times during periods when the Lok Sabha is in session. Questions are submitted within 15 days of an announcement soliciting questions from MPs (with exceptional relaxations to this deadline at the discretion of the Parliamentary Secretary). Questions must be addressed to the designated Ministry responsible for that particular subject. More information on the procedure can be found online at:

<http://164.100.47.132/LssNew/questions/ProcedureRelating.aspx>

<http://164.100.47.132/LssNew/questions/AllotmentOfDaysForQuestions.aspx>

<http://164.100.47.132/LssNew/questions/AdmissibilityOfQuestions.aspx>

There are 4 different ways in which answers may be sought (oral/written/short notice/private). This is listed at:

<http://164.100.47.132/LssNew/questions/TypeOfQuestions.aspx>

A document on the Lok Sabha website provides an up to date list of responsibilities for answering question, for each Ministry. See item 33 on the contents page., Available at:

<http://164.100.47.132/LssNew/questions/MinistryWiseSubject.aspx>

Relevant excerpts from this list:

1. Exploration for, and exploitation of petroleum resources including natural gas and coal bed methane.
2. Production, supply, distribution, marketing and pricing of petroleum including natural gas, coal bed methane and petroleum products.

This document is also uploaded.

The website also maintains a separate 'search page' where the Lok Sabha Questions and corresponding answers may be sought. This page is available at:

<http://164.100.47.132/LssNew/psearch/qsearch15.aspx>

Additionally, an archive search provides access to questions from the 14th and 13th Lok Sabhas. This is available at:

<http://164.100.47.132/LssNew/psearch/QuestionArchive.aspx>

Thus, the period covered by Lok Sabha questions is 1999-2012. However, it is possible that not every single question has been published online - but a great deal of them have, particularly for the 14th and 13th Lok Sabhas.

A search on 'New Exploration Licensing Policy' or 'NELP' on the advanced search page for the 15th Lok Sabha questions yielded two pages of results pertaining to information on production sharing contracts. The term 'NELP' in the search box yielded a greater number of results as this is instinctively a very common term used by researchers seeking information on hydrocarbons exploration and production.

<http://164.100.47.132/LssNew/psearch/qsearch15.aspx>

Due to the volume contained in these documents, this researcher has uploaded a sample in an attached word document.

IN PRACTICE: The number of questions published on the Lok Sabha website for the 15th Lok Sabha (2009-2014) seem somewhat sparse. This researcher found 15 questions (with answers) in response to a search on 'NELP' which is instinctively the most commonly used term for someone looking for information on hydrocarbons exploration and production. However, as noted earlier, there may be some questions that are privately posed, and questions that are orally responded to. It was not very clear which sorts of questions/answers were being published (apart from the starred/unstarred categories). Also, the answers to Questions did not appear to be as detailed as they should be, and in instances where statistical data was sought by the MP, it was included as a link to an 'annexure' on the page, which could not be accessed in many cases.

Further research showed that the website publishes a 'tally' of questions asked and answered, as well as their current status.

These are available at:

<http://164.100.47.132/LssNew/Questions/statusquery15.aspx>

<http://164.100.47.132/LssNew/Questions/StatisticalStatements.aspx>

Also, this researcher noted that the latest uploaded Questions/Answers was dated 1 December 2011.

The list of questions asked by MPs (without corresponding answers) however, are published regularly in a document. The latest one, dated 30 March 2012, is available at:

<http://164.100.47.132/LssNew/Questions/StatisticalStatements.aspx>

This is also uploaded as an attachment.

Similarly, previous lists can be obtained from archives available at:

<http://164.100.47.132/LssNew/Questions/questionlist.aspx>

Hence it is possible for a citizen seeking information, to look through the questions, and then use India's Right to Information Act, 2005, to file a request for access to the answers to those questions.

The Ministry of Petroleum website contained a link to the Lok Sabh questions/answers as well - this takes the researcher directly to the 'search page' for Lok Sabha Questions.

2) The second avenue is through reports published online which contain information provided by the Ministry of Petroleum and Natural Gas to the Parliamentary Standing Committee on Petroleum and Natural Gas. These are available under the 'Reports Presented' tab on the Committee page:

http://164.100.47.134/committee/committee_informations.aspx

This Committee provides recommendations to the Ministry, and the process then requires the Ministry to respond via an 'Action Taken' Report. Sample Reports are uploaded. The website does not appear to contain all published reports, but a Google search throws up more results.

Peer Review Comments:

' In theory, the same sorts of parliamentary procedures apply to coal and minerals ' can this be elaborated

1.3.015: Is there a due process to appeal licensing decisions?

Score: A B **C**

Comments:

Whilst there does not appear to be a standardised process for appealing licensing decisions, under the Law, the Ministry maintains a Citizens Charter assigning responsibility for information on hydrocarbons licensing to divisions/individuals within the Ministry, with a procedure for obtaining further information. This may provide a route to Citizens or Third Parties that object to licensing decisions; however, it may not guarantee a direct or certain route to grievance addressal. In the past, Third Parties in other sectors have approached the Indian courts to express their objection of licensing decisions.

The minerals sector has adopted a recent amendment to the main legislation (Mines and Minerals Development Act) which allows public consultation prior to the award of a license.

See no. 6 of:

<http://mines.nic.in/writereaddata/Contentlinks/b57fa3c775b1436a956e5a149c83f14e.pdf>

Academic studies on the sector appear to show that the implementation has remained poor, in general

----- UPDATED COMMENT

It has been argued that the implementation of legislative frameworks and regulations has remained poor in India, according to studies by international organisations OXFAM and Human Rights Watch.

Sources:

1. OXFAM (2012) "India's Mining Regulation: A Chance to Correct Course", Policy Brief. Excerpt: "India's system of regulation for the mining sector is notoriously weak: the applicant company itself is entrusted with choosing and paying the consultant who makes the Environmental Impact Assessment (which provides data on the possible negative social and environmental impact of a proposed operation). This same assessment then guides the government's decisions to allow an operation, favouring a glaring conflict of interest." Available at: http://www.oxfamindia.org/sites/www.oxfamindia.org/files/policy_brief-indias_mining_regulation.pdf Uploaded as attachment.

2. HRW (2012) "India: Mining Industry Out of Control", Human Rights Watch. Available at: http://www.hrw.org/sites/default/files/reports/india0612ForUpload_0.pdf

Uploaded as attachment.

3. Planning Commission (2012): Emerging Issues in India's Mineral Sector

Available at:

<http://www.indiaenvironmentportal.org.in/files/file/Emerging%20Issues%20in%20India%E2%80%99s%20Mineral%20Sector.pdf>

References:

GOVERNMENT SOURCES:

1) Citizens Charter, Ministry of Petroleum and Natural Gas.

Available on: <http://petroleum.nic.in/Citizens.pdf>

Uploaded as attachment.

Peer Review Comments:

A reference to the academic studies comment would be useful

1.3.016: Is there a legal or regulatory requirement to disclose all beneficial ownership in oil, gas and mining companies or projects?

Score: A (B) C

Comments:

The same sorts of procedures would apply to civil servants in the Minerals and Coal sectors.

References:

There is currently no such requirement; however, this issue has been in the media recently and there are plans to close this loophole across Indian industry. India is a member of the Financial Action Task Force (FATF). The FATF requires India to put in place precise rules on beneficial ownership that are in sync with the internationally-accepted definition to prevent moneylaundering and check illicit flows.

1) "Noose tightens around shadow owners", Financial Express, October 3, 2011

Available at: <http://www.indianexpress.com/news/noose-tightens-around-shadow-owners/854733/0>

2) "Black money: Govt may amend Companies Act to establish ownership of assets", Economic Times, April 13, 2011

Available at: http://articles.economictimes.indiatimes.com/2011-04-13/news/29413770_1_companies-act-black-money-real-owner

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Context

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Indicator	Score
2.1	Context 67 

2.1 Context

2.1.017: Does the government receive in-kind payments instead of financial payments from resource companies?

Score: A B C

Comments:

Royalty payments are made in cash to either the federal (in case of offshore resources) or state (in case of onshore resources) government. For profit petroleum, the federal government has the option to take payments in kind. As indicated above, the method of delivery is agreed upon between the government and the licensee.

----- UPDATED COMMENTS

For the coal and minerals sector, the Mines and Minerals (Development and Regulation) Act has set regulations and rates for minerals. A small number of minerals are charged royalty on a per unit of production basis, whilst the majority of minerals are charged on an ad-valorem basis. The Act gives states the flexibility to decide upon the manner of collection of royalty revenues from minerals - in theory this would entail payments in cash and in kind although payments in cash appear to be the prevalent method.

An excerpt from an Indian Bureau of Mines publication on mineral royalties, available at <http://ibm.nic.in/mineralroyalties2011.pdf> :

"Section 15 of the Mines and Minerals (Development and Regulation) Act, 1957, empowers the State Governments to make rules for the fixing collection and enhancement of rate of royalty and dead rent and the time within and the manner in which these shall be payable. The Minor Mineral Concession Rules are not uniform and differ from State to State. Royalty rates for the same minerals also vary from State to State. The period after which the rates of royalty can be enhanced or reduced also vary from State to State. The rate at which royalty (it is called seigniorage fee in Andhra Pradesh and Tamil Nadu) is payable is prescribed in the Schedule appended to respective State rules."

The Act has recently been amended to include increases to the rates of royalty, as well as a 'benefit sharing mechanism' where 26 percent of profits from mining companies will require to be shared with local communities.

References-

"New Coal Royalty Formula to Hit Captive Miners", Business Standard, April 26, 2012
Available at <http://www.business-standard.com/india/news/new-coal-royalty-formula-to-hit-captive-miners/472668/>

"India Approves Increase in Royalties on Mineral Mining", Wall Street Journal, August 12, 2009
Available at <http://online.wsj.com/article/SB125006823591525437.html>

References:

1) Government Sources

A) PAYMENT OF PROFIT PETROLEUM

Article 16, Model Production Sharing Contract 2010, Ninth round of licensing for hydrocarbons exploration, p.41

<http://petroleum.nic.in/nelp93.pdf>

Document uploaded.

Excerpt:

"16.4.1 The Government shall have the option to take its entitlement to Profit Petroleum other than "ANG" or "NANG" either in cash or in kind in any Year. In case of "ANG" or "NANG", as the case may be, the Government shall have the option to take its entitlement to Profit Petroleum in cash or in kind and such option shall be exercised at interval of every five (5) Years from the commencement of first Commercial Production from the Contract Area.

16.4.3 Where the Government has informed the Contractor of its intention to take its share in kind, the Parties shall mutually agree on a procedure for delivery of the Government's share of Profit Petroleum and, where relevant, the composition of the Petroleum which is to be delivered. "

16.5 Explanation: The Profit Petroleum due to the Government shall be deposited with "Pay & Accounts officer or its successor, Ministry of Petroleum & Natural Gas, Government of India, Shastri Bhavan, New Delhi by 10th of the Month following each Quarter. In case of payment to Government in Indian Rupees, Reserve Bank of India reference rate of exchange for the day preceding the payment date shall be considered."

NOTE: ANG and NANG refer to Associated or Non Associated Natural Gas.

B) PAYMENT OF ROYALTIES

Article 14, Model Production Sharing Contract, 2010, Ninth Licensing Round, p.44

<http://petroleum.nic.in/nelp93.pdf>

Excerpt:

"17.4 Companies (Lessee) shall be required to pay royalty to the Government (Lessor) for offshore areas at the rate of ten percent (10%) of the well-head value of Crude Oil and Natural Gas. In case of an onshore area, Companies shall be required to pay to the State Government(s) (Lessor) at the rate of twelve point five zero percent (12.5%) of the well-head value of Crude Oil and ten percent (10%) of the well-head value of Natural Gas. In case of an offshore area falling beyond four hundred (400) metre isobath, the rate of royalty payable by Companies (Lessee) to the Government (Lessor) shall be at the rate of five percent

(5%) of the well-head value of Crude Oil and Natural Gas for the first seven years from the date of commencement of Commercial Production in the Field. The valuation of Crude Oil and Natural Gas shall be as per the Article 19 and Article 21 respectively. The royalty amount due to Government/State Government(s) shall be payable latest by the end of the succeeding Month."

2) Media Sources

See 'Un'Kind' Government', Financial Express, February 25, 2005

Available at :

<http://www.financialexpress.com/news/unkind-government/127945/0>

Peer Review Comments:

No details of the coal and mineral sectors where the State and Central Governments have sharing agreements

2.1.018: If the government or state owned companies sell physical commodities (oil, gas or minerals) from in-kind payments or own production, is there information about how these commodities are marketed?

Score: A B C **(D)** E

Comments:

The oil marketing sector is controlled by the federal government through three Oil Marketing Companies (OMCs): Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL). These companies also select refiners and retailers for petroleum products, according to guidelines set by the federal government. Although the

sector was very tightly controlled, in the 2000s, Oil Marketing Companies have been given more 'commercial freedom' in the selection of retailers. The prices of petroleum products which were highly regulated by the government have been set free or decontrolled at the retail level since June 2010, for petrol. Oil Marketing Companies have historically borne losses (called 'under-recoveries) through the subsidisation of petroleum products. Although the situation has improved since 'decontrolling' the prices of petrol, and increasing the prices of other products (diesel and LPG), these losses continue, particularly since oil prices crossed the 100 USD mark. Private companies have been permitted to set up refineries in the petroleum sector. However, in the natural gas sector, the marketing of gas is carried out entirely in the public sector by the state owned gas marketing company, Gas Authority of India Limited (GAIL). Further information can be found on marketing companies' websites

<http://www.iocl.com/Services/Marketing.aspx>

<http://www.hindustanpetroleum.com/En/UI/Home.aspx>

<http://www.bharatpetroleum.com/>

http://www.gail.nic.in/final_site/index.html

There is also a downstream regulator, the Petroleum and Natural gas Regulatory Board (PNGRB).

<http://www.pngrb.gov.in/newsite/index.html>

In the coal sector, general guidelines on marketing exist, but these do not distinguish clearly between in-kind receipts and other supplies (fuel supply agreements). Coal India Limited, the national coal production company, also acts as the marketing company. Guidelines on marketing are published online at:

<http://www.coal.nic.in/.%5Cpolicy%5Cnewcoaldistribution.pdf>

For the minerals sector, given the level of fiscal decentralisation, statistics on minerals marketing of in-kind receipts are difficult to distinguish from statistics on minerals marketing in general, published by the Department of Mines of different states - for instance, the State of Rajasthan publishes statistics on gross receipts from marketing. <http://www.dmg-raj.org/mineral-statistics.html>

References:

1) GOVERNMENT SOURCES

a) The Gazette of India, 16 April 199

<http://petroleum.nic.in/newgazette/GN%20No.185%20dtd%2016-04-99.pdf>

Sets out the rules and provides the basis for the marketing and distribution of hydrocarbons products. Uploaded as an attached document.

Frequent updates have been added. These can be found at: <http://petroleum.nic.in/page2.htm>

b) The Ministry of Petroleum and Natural Gas, Marketing Division

<http://petroleum.nic.in/msbody.htm#lpgmkt>

This provides a succinct summary of how the marketing system works.

c) Dealer Selection Guidelines for Retailing of Petroleum and Natural Gas (not dated)

<http://petroleum.nic.in/msbody.htm#lpgmkt>

Uploaded as attached document.

d) Details of 'commercial freedom' granted to Oil Marketing Companies (not dated)

<http://petroleum.nic.in/OMCs.pdf>

e) Special Guidelines to Oil Marketing Companies for setting up rural distribution outlets (not dated)

<http://petroleum.nic.in/rural%20ro%20guidelines.pdf>

2) ACADEMIC SOURCES

Clarke, K. and Graczyk, D. (2010) India's Downstream Petroleum Sector: Refined Product Pricing and Refinery Investment', Chapter 4, p.27-38, International Energy Agency, Paris.

This chapter sets out the structure and Organisation of India's marketing sector, with some details on the finances of Oil Marketing Companies.

Uploaded as attached document IEA (2010)

Peer Review Comments:

No mention of the coal/mineral sector for example Tata Steel has a captive market

2.1.019: What authority actually collects payments from resource companies?

Score: A (B) C D E

Comments:

In theory, payments for profit petroleum go to the Ministry of Petroleum and Natural Gas. The Directorate General of Hydrocarbons provides oversight for this. It has a Revenue Accrual Module through which it manages the process. See <http://www.dghindia.org/OnlineAccrual.aspx#3>

For mines and minerals, the royalty is collected on behalf of the State Governments by their Departments of Geology and Mining. For an example, see the state of Tamil Nadu, Department of Geology and Mining.
<http://www.tnmine.tn.nic.in/FAQ.htm>

References:

GOVERNMENT SOURCES:

1) Model Production Sharing Contract, Article 16, p.42.

<http://petroleum.nic.in/nelp93.pdf>

Excerpt: "The Profit Petroleum due to the Government shall be deposited with "Pay & Accounts officer or its successor, Ministry of Petroleum & Natural Gas, Government of India, Shastri Bhavan, New Delhi by 10th of the Month following each Quarter. In case of payment to Government in Indian Rupees, Reserve Bank of India reference rate of exchange for the day preceding the payment date shall be considered."

2) Directorate General of Hydrocarbons

'Activities of the DGH - Other Activities - Commercial Monitoring'

See <http://www.dghindia.org/OtherActivites.aspx?tab=0>

Excerpt:

" Monitoring computation & remittances of
Profit petroleum
Royalty
PLP
License Fee
Cost of unfinished work program
LD for extension of exploration phases"

















NOTE: LD refers to Liquidated Damages, which are applied to unfinished work programmes.

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Disclosure

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Indicator		Score	
2.2A.020	Does the Ministry of Finance publish periodical information on revenue generation?	44	
2.2A.020.j	Does the Ministry of Finance publish information on disaggregated revenue streams?	14	
2.2A	Quality of reports	50	
2.2B.020	Does the Ministry of the extractive sector publish information on revenue generation?	81	
2.2B.020.j	Does the Ministry of the extractive sector publish information on disaggregated revenue streams?	71	
2.2B	Quality of reports	50	
2.2C.020	Does a Regulatory Agency publish information on revenue generation?	50	
2.2C.020.j	Does a Regulatory Agency publish information on disaggregated revenue streams?	25	
2.2C	Quality of reports	50	
2.2D.020	Does the Central Bank publish information on revenue generation?	33	
2.2D.020.j	Does the Central Bank publish information on disaggregated revenue streams?	0	
2.2D	Quality of reports	50	
2.2E.020	Does any other government agency or entity publish information on revenue generation?	60	
2.2E.020.j	Does any other government agency or entity publish information on disaggregated revenue streams?	43	
2.2E	Quality of reports	50	
2.2	Public sector balance	34	

2.2A.020 Does the Ministry of Finance publish periodical information on revenue generation?

2.2A.020.a: Reserves

Score: A B C **(D)** E

Comments:

This does not contain data for natural gas production.

References:

The Ministry of Finance does not publish information on reserves; only on production.

1) Economic Survey 2011, Section 1.30 Table A31 Commodity Balance of Petroleum and Petroleum Products.

Available at <http://indiabudget.nic.in/es2011-12/estat1.pdf>

Uploaded as attachment.

2) Economic Survey 2010, Section 1.30 Table A31 Commodity Balance of Petroleum and Petroleum Products.

<http://indiabudget.nic.in/budget2011-2012/es2010-11/estat1.pdf>

Uploaded as attachment.

Information on reserves is published by the Ministry of Petroleum and Natural Gas, and the Directorate General of Hydrocarbons (the upstream regulator). Please refer to 2.2B.020.a and 2.2C.020.a for this data.

Peer Review Comments:

I guess it also applies to the mineral and coal sector

2.2A.020.b: Production volumes

Score: (A) B C D E

Comments:

This does not contain data on the production volumes of natural gas.

The Economic Surveys contain data on production and exports (volumes and values) of coal and minerals.

References:

GOVERNMENT SOURCE:

1) Economic Survey 2011, Section 1.30 Table A31 Commodity Balance of Petroleum and Petroleum Products.

Available at <http://indiabudget.nic.in/es2011-12/estat1.pdf>

Uploaded as attachment.

2) Economic Survey 2010, Section 1.30 Table A31 Commodity Balance of Petroleum and Petroleum Products.

<http://indiabudget.nic.in/budget2011-2012/es2010-11/estat1.pdf>

Uploaded as attachment.

2.2A.020.c: Information on prices

Score: A B C (D) E

References:

Detailed data on prices of hydrocarbons in India (petroleum and natural gas) is not published by the Ministry of Finance. It is published by the Petroleum Planning and Analysis Cell, under the Ministry of Petroleum. For more details, please refer to indicator 2.2B.020.c of the questionnaire.

1) Basic Statistics on Indian Petroleum and Natural Gas, 2010

Pages: 28-33

Available at <http://petroleum.nic.in/petstat.pdf>

2) Petroleum Planning and Analysis Cell, Ministry of Petroleum

This agency publishes raw data on prices of petroleum and natural gas on its website. The data can be downloaded as spreadsheets.

<http://www.ppac.org.in/>

Peer Review Comments:

I assume that this also applies to the coal and mineral sectors

2.2A.020.d: Value of resource exports

Score: (A) B C D E

Comments:

The Ministry of Finance publishes detailed information on the volumes (in million tonnes) of petroleum exports (pages A31 of sources 1 and 2 above) under the heading 'imports, exports, net imports of petroleum and petroleum products'. (Values of exports can be derived by presumably applying international prices to the volumes)

The Economic Surveys contain data on production and exports (volumes and values) of coal and minerals.

Although it also publishes the values (US\$ millions) as seen from pages A87-A88 in sources 1 and 2 above, the information there is published under a different heading 'Mineral fuels and lubricants (incl.coal))' . Further, it publishes the percentage shares of petroleum exports under the heading "Crude & Petroleum Products (incl Coal)". These differences could indicate possible differences in the methods used for calculation of the different sub headings.

It must be noted that all gas produced within India must be sold within India under the terms of the production sharing contracts. However, some crude oil and petroleum products are exported as India has substantial refining capacity.

References:

GOVERNMENT SOURCES:

1) Economic Survey, 2011,
Page.A31, table 1.30, items 3,4,and 5 (imports, exports, net imports of petroleum and petroleum products).
Pages.A87-A88, table 7.3(A), PRINCIPAL EXPORTS, item IV("Mineral fuels and lubricants (incl.coal))"
Available at: <http://indiabudget.nic.in/es2011-12/estat1.pdf>

2) Economic Survey, 2010,
Page.A31, table 1.30, items 3,4,and 5 (imports, exports, net imports of petroleum and petroleum products).
Pages.A87-A88, table 7.3(A), (PRINCIPAL EXPORTS) item IV("Mineral fuels and lubricants (incl.coal))"
Available at:<http://indiabudget.nic.in/budget2011-2012/es2010-11/estat1.pdf>
Also see page A89, table 7.3(b) (SHARE AND PERCENTAGE GROWTH/CHANGE OF MAJOR EXPORTS) ,
item IV (Crude & Petroleum Products (incl Coal))

3) Economic Survey 2009, Statistical Tables
Available at: <http://indiabudget.nic.in/es2009-10/esmain.htm>

4) Mid-Year Review, 2011, Ministry of Finance, p.34-37 contain some discussion relating to trends in petroleum exports and imports, but does not contain absolute values of resource exports. For instance, table 1.25, p.35, contains export growth rates of Petroleum, Oil and Lubricant Exports (abbreviated as 'POL' exports)
Available at: <http://finmin.nic.in/reports/MYR201112English.pdf>

2.2A.020.e: Estimates of investment in exploration and development

Score: A B C D E

Comments:

The data in the economic surveys provide data on cumulative investments in oil and gas exploration and development. However, this is published in the text of the Economic Survey and not in the statistical tables, making it not as accessible.

Related data is also published by the Ministry of Petroleum and Natural Gas. Please refer to indicator 2.2B.020.e and 2.2C.020.e

1) The Ministry of Petroleum and Natural Gas
Available at: <http://petroleum.nic.in/rtimopng.htm>
Investments made under the first three exploration rounds.
Under link number 13: Particulars of concessions, permits or authorization granted by it.

2) Basic Statistics on Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas.
This is published as 'Trends in overall FDI Equity Inflows under Petroleum & Natural Gas Sector'. Hence, it is difficult to ascertain how much of this is due to exploration and/or development.
Available at: <http://petroleum.nic.in/petstat.pdf>

References:

GOVERNMENT SOURCES:

1) Economic Survey 2011, Chapter 11, , p.257
Excerpt: "As on 1 April 2011, investment made by Indian and foreign companies [in oil and gas] was of the order of US \$15.88 billion, out of which, US \$8.51 billion was on hydrocarbon exploration and US \$7.37 billion on development of discoveries."
Available at <http://indiabudget.nic.in/es2011-12/echap-11.pdf>
Uploaded as attachment.

2) Economic Survey, 2010, Chapter 11 p.266-267
Excerpt: "As on 1 October 2010, investment made by Indian and foreign companies was of the order of US \$ 14.8 billion, of which, US \$ 7.5 billion was in hydrocarbon exploration and US\$ 7.3 billion in development of discoveries."
Available at <http://indiabudget.nic.in/budget2011-2012/es2010-11/echap-11.pdf>
Uploaded as attachment.

3) Economic Survey 2009, Chapter 10, p. 244
Excerpt: "As on April 1, 2009, investment made by Indian and foreign companies was of the order of US \$ 11.9 billion."
Available at: <http://indiabudget.nic.in/es2009-10/chapt2010/chapter10.pdf>
Uploaded as attachment.

Peer Review Comments:

The Economic Survey cumulative investments data in exploration and development includes coal and minerals ?

2.2A.020.f: Production costs

Score: A B C D E

References:

This data is not published by the Ministry of Finance, and is generally very difficult to find. Please refer

to indicators 2.2B.020.f and 2.2C.020.f.

The Ministry of Petroleum publishes some data related to this indicator:

This data is hard to find. As indicated in the previous section of the questionnaire, the Ministry of Petroleum publishes some data on the expenditures of National Oil Companies, segregated by activity type, in the following publication:

Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.107 table X.1 Expenditure of Public Sector Undertakings of Ministry of Petroleum & Natural Gas
Available at: <http://petroleum.nic.in/pngstat.pdf>

Peer Review Comments:

No mention of coal and minerals

2.2A.020.g: Names of companies operating in country

Score: A B C **(D)** E

Comments:

The Economic Surveys may contain mentions of companies operating in India, but only in relation to trends in production of petroleum and natural gas. This information is published in the text and not in statistical tables.

References:

This information is not published by the Ministry of Finance. It is however published in detail by the upstream regulator - the Directorate General of Hydrocarbons. Please refer to indicators 2.2B.020.g and 2.2C.020.g for further detail.

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons.

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

Relevant pages:

Pages 17-25 provide a summary of the acreage blocks awarded under each round of licensing under the New Exploration Licensing Policy over the last 8 rounds, with details of the block name, company or consortium it was awarded to with their corresponding participating interests, date of signing the contract, and area of the block. It also provides a list of the blocks relinquished from that round. The data is as of 1 March 2011.

Pages 26-27 provide company-wise and basin-wise distribution of petroleum exploration license areas under operation as of 1 March 2011, along with information on which licensing round they were originally awarded under.

Pages 28-31 provide the percentage (proportionate) division of acreage amongst companies operating in India as of 1 March 2011.

Pages 34-45 provide a country map, followed by basin-wise maps of petroleum exploration license areas and mining leases areas showing the locations of exploration activities as of 1 March 2011.

Pages 46-63 contain the categorisation of areas under petroleum exploration licenses and mining leases for each company.

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Economic Survey mention coal and mineral companies ?

2.2A.020.h: Production data by company and/or block

Score: A B C **(D)** E

References:

The Ministry of Finance does not publish this data. This data is published by the upstream regulator - the Directorate General of Hydrocarbons. Some data is also published by the Ministry of Petroleum. Please refer to indicators 2.2B.020.h and 2.2C.020.h for further details.

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.75, "COMPANY / BASIN WISE OIL & GAS PRODUCTION (01.04.2010 TO 31.03.2011)" Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Ditto for coal and minerals ?

2.2A.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: **(A)** B C D E

Comments:

In India, subsidies are provided on Liquefied Petroleum Gas (LPG), kerosene, and diesel. These subsidies are primarily financed through three methods:

- 1) Directly on the federal government budget
- 2) By Oil Marketing Companies (which are state-owned) sell petroleum products at a price below the cost of supplying them, and bear this difference directly - these are referred to as 'under-recoveries' by the federal government.
- 3) State owned upstream exploration companies (also the National Oil Companies) finance a proportion of the subsidy through the profits from production.

The federal government provides compensation to Oil Marketing Companies and National Oil Companies to cover some of their under-recoveries through two channels.

- a) An amount of compensation is provided for on the Federal Budget
- b) Until recently, the government issued 'oil bonds' to these companies to make up for some portion of their under-recoveries - the intention was to let companies sell these bonds on the market to raise liquidity. This strategy has not worked particularly well, as Oil Bonds do not count towards the Statutory Liquidity Requirements of banks and other financial institutions under rules of the Central Bank, and therefore the market for Oil Bonds became saturated very quickly.

The sources above contain the statements of the expenditure budgets setting out these allocations for financing subsidies. The under-recoveries are particularly pertinent to this indicator as they represent some portion of mineral revenues that may be used to finance subsidies.

The Fiscal Policy Strategy Statement, published annually, contains further discussion on under-recoveries. The Statement for 2012 can be found at: <http://indiabudget.nic.in/ub2012-13/frbm/frbm3.pdf>

References:

GOVERNMENT SOURCES:

- 1) Expenditure Budget for Ministry of Petroleum and Natural Gas, Union Budget 2012.
Available at: <http://indiabudget.nic.in/ub2012-13/eb/sbe73.pdf>
Uploaded as attachment.
- 2) Expenditure Budget for Ministry of Petroleum and Natural Gas, Union Budget 2011.
Available at: <http://indiabudget.nic.in/budget2011-2012/ub2011-12/eb/sbe73.pdf>
Uploaded as attachment.
- 3) Expenditure Budget for Ministry of Petroleum and Natural Gas, Union Budget 2010.
Available at: <http://indiabudget.nic.in/ub2010-11/eb/sbe72.pdf>
Uploaded as attachment.
- 4) Expenditure Budget for Ministry of Petroleum and Natural Gas, Union Budget 2009.
Available at: <http://indiabudget.nic.in/ub2009-10/eb/sbe72.pdf>
Uploaded as attachment.

2.2A.020.j Does the Ministry of Finance publish information on disaggregated revenue streams?

2.2A.020.j1: Production streams value

Score: (A) B C D E

Comments:

The Ministry of Finance publishes aggregated figures of royalties, license fees and government's share in PSC. This equal to the production streams value.

Monthly Economic Report, March 2012, p.12

http://finmin.nic.in/stats_data/monthly_economic_report/2012/indmar12.pdf

Previous issues of the Monthly Economic Report available at:

http://finmin.nic.in/stats_data/monthly_economic_report/index.asp

The Economic Surveys contain data on production and exports (volumes and values) of coal and minerals.

References:

GOVERNMENT SOURCE:

1) Economic Survey 2011, Section 1.30 Table A31 Commodity Balance of Petroleum and Petroleum Products.

Available at <http://indiabudget.nic.in/es2011-12/estat1.pdf>

Uploaded as attachment.

2) Economic Survey 2010, Section 1.30 Table A31 Commodity Balance of Petroleum and Petroleum Products.

<http://indiabudget.nic.in/budget2011-2012/es2010-11/estat1.pdf>

Uploaded as attachment.

3) Economic Survey 2009, Statistical Appendices, table 1.30

Available at: <http://indiabudget.nic.in/es2009-10/tables.htm>

2.2A.020.j2: Government s share in PSC

Score: A B C (D) E

Comments:

The data for this indicator is published for the reporting year and one prior year, but as an aggregated figure that also includes receipts from royalty and license fees.

References:

GOVERNMENT SOURCES:

1) Receipts Budget- Non Tax Revenue, Union Budget 2012, p.8, item 6.03.02 (Petroleum).

Available at: <http://indiabudget.nic.in/ub2012-13/rec/ntr.pdf>

Contains data for 2010.

Uploaded as attachment.

Excerpt from Explanatory Notes:

"6.03. Energy: Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit

petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region.

6.03.02. Petroleum: I. Royalty: (i) Central Government is entitled to get Royalty on Oil and Gas produced from the Offshore fields whereas in case of Onshore fields it is payable to concerned State Government. The power of regulation and responsibility for the development of oil fields are exclusively within the domain of the Central Government. Oil Fields (Regulation and Development) Act, 1948 and the Petroleum and Natural Gas Rules, 1959 deal with it, (ii) Royalty regimes for Oil and Gas production from nominated

fields of National Oil Companies vary from that for the production from fields awarded under Production Sharing Contracts (PSCs), (iii) Royalty payable by National Oil Companies on crude oil and natural gas, being ad-valorem, depends on the prices at which crude oil and natural gas are sold by them. Pricing of natural gas is under Administered Pricing Mechanism (APM), which has been revised upwards during 2005-06 affecting the receipts from Royalty. Similarly, the international crude oil prices, which are volatile affect royalty receipts from oil, (iv) The Royalty on production from fields awarded under PSCs is governed by the provisions of the respective PSCs and the receipts in this regard depend upon the actual production from the various fields.

II. Profit Petroleum: Profit Petroleum is the value of petroleum produced from a particular field after deducting the admissible cost of production as per the contract. The Contractor and the Government share the profit petroleum from the contract area in accordance with the provision of the respective agreement/contracts. No profit petroleum is payable on production by National Oil Companies from the nominated fields. Profit Petroleum realization also varies with the prevalent price of crude oil and gas. Directorate General of Hydrocarbon (DGH) monitors the implementation of these PSCs. Profit Petroleum is payable on a quarterly basis with final adjustment being made at the end of the financial year.

III. Petroleum Exploration License (PEL) Fee: (i) PEL fee is a payment by a licensee in consideration of the government granting a right to carry out exclusive exploration of Oil and Gas in a particular area. License fee is generally linked to area and period of license and is payable by licensees in accordance with Petroleum and Natural Gas Rules, 1959 as amended from time to time, (ii) PEL fee in the case of onshore fields goes to the concerned State Government and in case of offshore fields is paid to the Central Government."

2) Receipts Budget- Non Tax Revenue, Union Budget 2011, p.7, item 6.03.02 (Petroleum).

Available at: <http://www.indiabudget.nic.in/ub2011-12/rec/ntr.pdf>

Contains data for 2009.

Uploaded as attachment.

Excerpt: "6.03. Energy: Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region."

2.2A.020.j3: Royalties

Score: A B C **(D)** E

Comments:

This data for this indicator is published for the reporting year and one prior year, but as an aggregated figure that also includes receipts from royalty and license fees.

References:

GOVERNMENT SOURCES:

1) Receipts Budget- Non Tax Revenue, Union Budget 2012, p.8, item 6.03.02 (Petroleum).

Available at: <http://indiabudget.nic.in/ub2012-13/rec/ntr.pdf>

Contains data for 2010.

Uploaded as attachment.

Excerpt from Explanatory Notes:

"6.03. Energy: Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit

petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region.

6.03.02. Petroleum: I. Royalty: (i) Central Government is entitled to get Royalty on Oil and Gas produced from the Offshore fields whereas in case of Onshore fields it is payable to concerned State Government. The power of regulation and responsibility for the development of oil fields are exclusively within the domain of the Central Government. Oil Fields (Regulation and Development) Act, 1948 and the Petroleum and Natural Gas Rules, 1959 deal with it, (ii) Royalty regimes for Oil and Gas production from nominated

fields of Natural Oil Companies vary from that for the production from fields awarded under Production Sharing Contracts (PSCs), (iii) Royalty payable by National Oil Companies on crude oil and natural gas, being ad-valorem, depends on the prices at which crude oil and natural gas are sold by them. Pricing of natural gas is under Administered Pricing Mechanism (APM), which has been revised upwards during 2005-06 affecting the receipts from Royalty. Similarly, the international crude oil prices, which are volatile affect royalty receipts from oil, (iv) The Royalty on production from fields awarded under PSCs is governed by the provisions of the respective PSCs and the receipts in this regard depend upon the actual production from the various fields.

II. Profit Petroleum: Profit Petroleum is the value of petroleum produced from a particular field after deducting the admissible cost of production as per the contract. The Contractor and the Government share the profit petroleum from the contract area in accordance with the provision of the respective agreement/contracts. No profit petroleum is payable on production by National Oil Companies from the nominated fields. Profit Petroleum realization also varies with the prevalent price of crude oil and gas. Directorate General of Hydrocarbon (DGH) monitors the implementation of these PSCs. Profit Petroleum is payable on a quarterly basis with final adjustment being made at the end of the financial year.

III. Petroleum Exploration License (PEL) Fee: (i) PEL fee is a payment by a licensee in consideration of the government granting a right to carry out exclusive exploration of Oil and Gas in a particular area. License fee is generally linked to area and period of license and is payable by licensees in accordance with Petroleum and Natural Gas Rules, 1959 as amended from time to time, (ii) PEL fee in the case of onshore fields goes to the concerned State Government and in case of offshore fields is paid to the Central Government."

2) Receipts Budget- Non Tax Revenue, Union Budget 2011, p.7, item 6.03.02 (Petroleum).

Available at: <http://www.indiabudget.nic.in/ub2011-12/rec/ntr.pdf>

Contains data for 2009.

Uploaded as attachment.

Excerpt: "6.03. Energy: Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region."

Peer Review Comments:

I assume that this is the case for coal and mineral royalties as well

2.2A.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

Comments:

This indicator was originally scored as 'E' or other - although extensive statistics are published on tax revenues, this is not disaggregated by source specifically for extractive companies.

References:

GOVERNMENT SOURCES:

1) Receipt Budget - Tax Revenue, Union Budget 2012

Contains data for 2010.

Available at <http://indiabudget.nic.in/ub2012-13/rec/tr.pdf>

Uploaded as attachment.

2) Receipt Budget - Tax Revenue, Union Budget 2011

Contains data for 2009.

Available at <http://indiabudget.nic.in/budget2011-2012/ub2011-12/rec/tr.pdf>

Uploaded as attachment.

3) Indian Public Finance Statistics, 2010

Available at <http://indiabudget.nic.in/budget2011-2012/ub2011-12/rec/tr.pdf>

Table 1.2 Combined revenue receipts of the Centre and the States, p.4-5

Table 2.2 Revenue receipts of the Centre, p.21-22

Table 3.2 Revenue receipts of States, p.33-34

Uploaded as attachment.

Previous issues available at: <http://finmin.nic.in/reports/ipfstat.asp>

2.2A.020.j5: Dividends

Score: A B C **(D)** E

Comments:

This indicator was originally scored as 'E' or 'other' as the data published on dividend relates to all public sector enterprises and not just enterprises in the hydrocarbons extraction sector.

References:

GOVERNMENT SOURCES:

1) Receipt Budget - Non Tax Revenue, Union Budget, 2012, p.6, item 2.01

Available at: <http://www.indiabudget.nic.in/ub2011-12/rec/ntr.pdf>

Contains data for 2010.

Excerpt of Explanatory Notes: "2. Dividends and Profits:.This Section comprises of dividends and profits from public sector enterprises."

Uploaded as attachment.

2) Receipt Budget - Non Tax Revenue, Union Budget, 2011, p.6, item 2.01

Available at: <http://www.indiabudget.nic.in/ub2011-12/rec/ntr.pdf>

Contains data for 2009.

Excerpt of Explanatory Notes: "2. Dividends and Profits:.This Section comprises of dividends and profits from public sector enterprises."

Uploaded as attachment.

Peer Review Comments:

Public and private sector treated

2.2A.020.j6: Bonuses

Score: A B C D **E**

Comments:

There are no bonuses under the fiscal system for hydrocabons exploration and production in India.

References:

GOVERNMENT SOURCE:

- 1) Notification of the New Exploration Licensing Policy, 1999, p.4, item (ix).
There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.

Peer Review Comments:

I assume this also applies to coal and minerals.

2.2A.020.j7: License fees

Score: A B C **D** E

Comments:

This data for this indicator is published for the reporting year and one prior year, but as an aggregated figure that also includes petroleum receipts from royalties and license fees.

References:

GOVERNMENT SOURCES:

- 1) Receipts Budget- Non Tax Revenue, Union Budget 2012, p.8, item 6.03.02 (Petroleum).
Available at: <http://indiabudget.nic.in/ub2012-13/rec/ntr.pdf>
Contains data for 2010.
Uploaded as attachment.
Excerpt from Explanatory Notes:
"6.03. Energy:.Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region."
 - 2) Receipts Budget- Non Tax Revenue, Union Budget 2011, p.7, item 6.03.02 (Petroleum).
Available at: <http://www.indiabudget.nic.in/ub2011-12/rec/ntr.pdf>
Contains data for 2009.
Uploaded as attachment.
Excerpt: "6.03. Energy:.Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit petroleum and license fee for the right to exclusive exploration of oil and gas in a
-

2.2A.020.j8: Acreage fees

Score: A B C **D** E

Comments:

Data on acreage fees are published in aggregation with royalties and profit petroleum for the reporting year and at least one prior year.

References:

GOVERNMENT SOURCES:

1) Receipts Budget- Non Tax Revenue, Union Budget 2012, p.8, item 6.03.02 (Petroleum).

Available at: <http://indiabudget.nic.in/ub2012-13/rec/ntr.pdf>

Contains data for 2010.

Uploaded as attachment.

Excerpt from Explanatory Notes:

"6.03. Energy: Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit

petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region.

6.03.02. Petroleum: I. Royalty: (i) Central Government is entitled to get Royalty on Oil and Gas produced from the Offshore fields whereas in case of Onshore fields it is payable to concerned State Government. The power of regulation and responsibility for the development of oil fields are exclusively within the domain of the Central Government. Oil Fields (Regulation and Development) Act, 1948 and the Petroleum and Natural Gas Rules, 1959 deal with it, (ii) Royalty regimes for Oil and Gas production from nominated

fields of Natural Oil Companies vary from that for the production from fields awarded under Production Sharing Contracts (PSCs), (iii) Royalty payable by National Oil Companies on crude oil and natural gas, being ad-valorem, depends on the prices at which crude oil and natural gas are sold by them. Pricing of natural gas is under Administered Pricing Mechanism (APM), which has been revised upwards during 2005-06 affecting the receipts from Royalty. Similarly, the international crude oil prices, which are volatile affect royalty receipts from oil, (iv) The Royalty on production from fields awarded under PSCs is governed by the provisions of the respective PSCs and the receipts in this regard depend upon the actual production from the various fields.

II. Profit Petroleum: Profit Petroleum is the value of petroleum produced from a particular field after deducting the admissible cost of production as per the contract. The Contractor and the Government share the profit petroleum from the contract area in accordance with the provision of the respective agreement/contracts. No profit petroleum is payable on production by National Oil Companies from the nominated fields. Profit Petroleum realization also varies with the prevalent price of crude oil and gas. Directorate General of Hydrocarbon (DGH) monitors the implementation of these PSCs. Profit Petroleum is payable on a quarterly basis with final adjustment being made at the end of the financial year.

III. Petroleum Exploration License (PEL) Fee: (i) PEL fee is a payment by a licensee in consideration of the government granting a right to carry out exclusive exploration of Oil and Gas in a particular area. License fee is generally linked to area and period of license and is payable by licensees in accordance with Petroleum and Natural Gas Rules, 1959 as amended from time to time, (ii) PEL fee in the case of onshore fields goes to the concerned State Government and in case of offshore fields is paid to the Central Government."

2) Receipts Budget- Non Tax Revenue, Union Budget 2011, p.7, item 6.03.02 (Petroleum).

Available at: <http://www.indiabudget.nic.in/ub2011-12/rec/ntr.pdf>

Contains data for 2009.

Uploaded as attachment.

Excerpt: "6.03. Energy: Under this head receipts generate from different section like 'Power, Petroleum, Coal and Lignite and New & Renewable Energy' are accounted for. The head 'Power' records receipt of Central Electricity Authority under the Electricity (Supply) Act. Under the Head 'Petroleum' the estimates include receipts from Royalty on off-shore crude oil and gas production profit petroleum and license fee for the right to exclusive exploration of oil and gas in a particular region."

Peer Review Comments:

What about the minerals

2.2A.020.j9: Other (Explain in 'comments' box.)

Score: A B C D **E**

Comments:

Other direct taxes applicable to the hydrocarbons extraction sector include an education cess, levied per unit of production, meant to contribute to education sector funding. Again, this indicator has been scored 'E', 'other', due to the fact that extensive data has been published on the revenues raised from this route for the reporting year and at least one prior year, from different 'routes' (e.g. taxation on income and services), but not separately for the hydrocarbons extraction sector.

References:

GOVERNMENT SOURCES:

1) Receipt Budget - Tax Revenue, Union Budget 2012

Contains data for 2010.

Available at <http://indiabudget.nic.in/ub2012-13/rec/tr.pdf>

Uploaded as attachment.

2) Receipt Budget - Tax Revenue, Union Budget 2011

Contains data for 2009.

Available at <http://indiabudget.nic.in/budget2011-2012/ub2011-12/rec/tr.pdf>

Uploaded as attachment.

Peer Review Comments:

Data not separately for the coal and minerals extraction sector.

2.2A Quality of reports

2.2A.021: Are periodical reports containing information on revenue generation published by the Ministry of Finance understandable?

Score: A **B** C D E

Comments:

The Union Budget and Economic Survey, published annually, are meant to complement each other. The Economic Survey contains roughly 14 chapters of discussion covering the performance of the Indian economy, followed by an appendix of statistical tables which include current and historical tables. The Economic Survey pre-dates the Union Budget by a year. The Union budget contains details of actual versus budgeted receipts and expenditures for the year just ended, and budgeted receipts and expenditures for the next financial year. The Union Budget begins with a document titled 'Key to the Budget Documents' summarising the contents of the Budget. Within these documents, the data are frequently appended with guidelines to explain what is included under any particular sub-heading, but there is no separate and comprehensive discussion on methodology. Further, the data does not go beyond a certain level of disaggregation (for instance, it does not disaggregate revenue receipts from hydrocarbons extraction from royalty, profit petroleum and license fees).

References:

GOVERNMENT SOURCES:

1) Key to Budget Documents, Union Budget 2012

Available at: <http://indiabudget.nic.in/ub2012-13/keybud/keybud2012.pdf>

Uploaded as attachment.

2) Key to Budget Documents, Union Budget 2011

Available at: <http://indiabudget.nic.in/budget2011-2012/ub2011-12/keybud/keybud2011.pdf>

Uploaded as attachment.

3) Economic Survey, 2011
Available at: <http://indiabudget.nic.in/survey.asp>

Peer Review Comments:

Mineral sector left out again

2.2A.022: How often are the periodical reports containing information on revenue generation published by the Ministry of Finance?

Score: A B C D E

Comments:

The data for these indicators is published at least once every year, in the Union Budget and Economic Surveys.

References:

GOVERNMENT SOURCES:

- 1) Union Budget and Economic Survey, 2012
Available at: <http://indiabudget.nic.in/index.asp>
- 2) Union Budget and Economic Survey, 2011
<http://indiabudget.nic.in/budget2011-2012/budget.asp>
<http://indiabudget.nic.in/budget2011-2012/survey.asp>
- 3) Union Budget and Economic Survey, 2010
<http://indiabudget.nic.in/ub2010-11/ubmain.htm>
<http://indiabudget.nic.in/es2009-10/esmain.htm>
- 4) Union Budget and Economic Survey, 2009
<http://indiabudget.nic.in/ub2009-10/ubmain.htm>
<http://indiabudget.nic.in/es2008-09/esmain.htm>

Note: Economics Surveys contain data for one year previous to the Budget.

2.2B.020 Does the Ministry of the extractive sector publish information on revenue generation?

2.2B.020.a: Reserves

Score: A B C D E

Comments:

The data in the two publications match.

The Coal Ministry publishes data via its Annual Reports, available at

<http://www.coal.nic.in/welcome.html>

The 2010 Annual Report is available at <http://www.coal.nic.in/annrep1011.pdf>

Data in Annexures to the Annual Report is only available from the year 2006, and is thus dated. This is available at <http://www.coal.nic.in/anx0607.pdf>

The Coal Ministry also publishes Annual Budgets, available at: <http://www.coal.nic.in/welcome.html>
(Click on tab 'Monthly receipts and expenditure')

The Ministry of Mines publishes Annual Reports available at: <http://mines.nic.in/index.aspx?clt=131&lang=1>

The Ministry of Mines also publishes its annual budgets, available at:

<http://mines.nic.in/index.aspx?lid=169&level=2&chk=24dfe45y5edf5e3>

<http://mines.nic.in/index.aspx?lid=170&level=2&chk=24dfe45y5edf5e3>

The Ministry of Mines publishes Annual Financial Statements covering its expenditure, available at:

<http://mines.nic.in/index.aspx?lid=106&level=1&chk=24dfe45y5edf5e3>

References:

GOVERNMENT SOURCES:

1) Indian Petroleum and Natural gas Statistics, 2010-2011, p.23, 26

Published by Ministry of Petroleum and Natural Gas.

<http://petroleum.nic.in/pngstat.pdf>

Uploaded as attached document.

2) Basic Statistics on Indian Petroleum and Natural Gas, 2010-2011, p8

Published by Ministry of Petroleum and Natural Gas.

<http://petroleum.nic.in/petstat.pdf>

Uploaded as attached document.

2.2B.020.b: Production volumes

Score: A B C D E

References:

GOVERNMENT SOURCES

1) Indian Petroleum and Natural Gas Statistics, 2010-2011, p.24-25;27-29

Ministry of Petroleum and Natural Gas.

Uploaded.

<http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Indian Petroleum and Natural Gas, 2010-2011, p.11

Ministry of Petroleum and Natural Gas.

Uploaded.

<http://petroleum.nic.in/petstat.pdf>

Peer Review Comments:

What about the coal and mineral sector ministries?

EI Ministries also include the Ministry of Mines and the Ministry of Coal and also the State Mine Departments eg Rajasthan

mines.nic.in/

www.coal.nic.in/

www.dmg-raj.org/

2.2B.020.c: Information on prices

Score: A B C D E

Comments:

'Current' refers to 2011 (and 2012). 'Historical' refers to previous years. It must be noted that Delhi is often used as a representative example for retail selling prices. However, retail selling prices at all major metropolitan cities are published (refer to Basic Statistics on Indian Petroleum and Natural Gas, 2010).

References:

GOVERNMENT SOURCES

1) Basic Statistics on Indian Petroleum and Natural Gas, 2010
 Pages: 28-33
 Attached as uploaded document.
 Available at <http://petroleum.nic.in/petstat.pdf>

2) Petroleum Planning and Analysis Cell, Ministry of Petroleum
 This agency publishes raw data on prices of petroleum and natural gas on its website. The data can be downloaded as spreadsheets.
<http://www.ppac.org.in/>
 Attached as uploads.
 The buildup of petroleum product prices (disaggregated prices) can be found at:
http://ppac.org.in/uniquepage.asp?id_pk=69
 NOTE: It must be noted that whilst petroleum product prices were downloadable, the website appeared to suffer from problems as this researcher could not initially access gas prices although a link to the same existed on the website - after several attempts, this researcher downloaded a document setting out the latest gas price (effective 2010), which is attached.

3) Presentation at the International Energy Agency, Dr Basudev Mohanty, Petroleum Planning and Analysis Cell, 2009, p.4-5
http://www.iea.org/work/2009/India_oil/mohanty.pdf
 Attached as an uploaded document.
 The presentation states that the responsibility for publishing data (current and historical, has been with the Petroleum Planning and Analysis Cell since 2002)

Peer Review Comments:

Only reports on the Oil / Gas sector

2.2B.020.d: Value of resource exports

Score: (A) B C D E

Comments:

All natural gas produced within the country has to be consumed within the country, as per the rules of the fiscal regime. Additionally, LNG is imported to meet shortfalls in demand. India's refining capacity has been growing at a fast rate over the last few years, but there still remains an energy deficit.

India is a net oil importer. According to the Ministry's Basic Statistics (p. 5), petroleum imports made up 46.87 percent of total imports in 2010-11.

References:

GOVERNMENT SOURCES

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.81-87
 Available at: <http://petroleum.nic.in/pngstat.pdf>
 Uploaded as attachment.

2) Basic Statistics on Indian Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas, p.18
 Available at Indian Petroleum and Natural Gas Statistics, 2010
 Uploaded as attachment.

Peer Review Comments:

Ministry of Mines in minerals and coal

<http://mines.nic.in/>
www.coal.nic.in

2.2B.020.e: Estimates of investment in exploration and development**Score:** A B **C** D E**Comments:**

It was difficult to find aggregate statistics on investments made into hydrocarbons exploration and development each year, published by the Ministry. Data was published on the Ministry of Petroleum's website only for the first three rounds, and this was on the page relating to the Right to Information Act, 2005, meaning that it was very likely that a Citizen had made a formal request for this information, after which it automatically becomes public and thus was uploaded on the website. The statistics in the Annual Statistical Compensiums of the Ministry only showed total Foreign Direct Investment (Equity) Flows with disaggregation.

The Press Information Bureau of India has a searchable archive of press releases. The press releases after every exploration round contain the total amount of investments made in the round. This researcher conducted an advanced search on the archive, available at <http://pib.nic.in/newsite/AdvSearch.aspx> . The documents obtained have been uploaded as attachments and were downloaded through a search on the term 'NELP' (acronym for New Exploration Licensing Policy) between 1 January 2003 and 18 April 2012 (the longest available search period). There were unfortunately no direct links to the results, which is why they have been uploaded here as separate documents.

References:

GOVERNMENT SOURCES:

1) The Ministry of Petroleum and Natural Gas

Available at: <http://petroleum.nic.in/rtimopng.htm>

Investments made under the first three exploration rounds.

Under link number 13: Particulars of concessions, permits or authorization granted by it.

Uploaded as attachments.

2) Basic Statistics on Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas.

This is published as 'Trends in overall FDI Equity Inflows under Petroleum & Natural Gas Sector'. Hence, it is difficult to ascertain how much of this is due to exploration and/or development.

Available at: <http://petroleum.nic.in/petstat.pdf>

Peer Review Comments:

Only deals with the Ministry of Petroleum and Natural Gas

2.2B.020.f: Production costs**Score:** A B C **D** E**Comments:**

The information obtainable was on total expenditure of oil exploration companies on exploration and production. Production costs were not listed separately.

References:

GOVERNMENT SOURCES

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas.p.107
Table X.1 Expenditure of Public Sector Undertakings of Ministry of Petroleum & Natural Gas

Available at: <http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Petroleum and Natural Gas in India, 2010, Ministry of Petroleum and Natural Gas,p.38

Available at: <http://petroleum.nic.in/petstat.pdf>

Peer Review Comments:

No mention of the Ministry of Mines / Coal

2.2B.020.g: Names of companies operating in country

Score: A B C D E

Comments:

It must be noted that although the Directorate General of Hydrocarbons is the Regulator, its status is in a 'gray area' and it is still considered in many ways to be under the aegis of the Ministry of Petroleum and Natural Gas. This is why this data has been included here, although the same data would need to be included under the questions for 'technical/ regulatory agency'.

References:

GOVERNMENT SOURCES

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons

Available at: <http://www.dghindia.org/Publication.aspx>

Pages 11-25 give details of licenses awarded to companies or consortiums under each of the exploration rounds up to 2010 (eighth round).

Pages 26-31 give company-wise distribution of petroleum exploration licenses in operation as of march 2011. Previous years are available from the following reports, also downloadable via the same link.:

Hydrocarbon Exploration and Production Activities in India, 2009-2010

Hydrocarbon Exploration and Production Activities in India, 2008-2009

Hydrocarbon Exploration and Production Activities in India, 2007-2008

Hydrocarbon Exploration and Production Activities in India, 2006-2007

NOTE: These reports are about 60MB each and exceeded the maximum file size on this system. The researcher is happy to email them to the Project Manager separately.

Also note, that in order to download the reports from the weblink provided, the web user is required to register (for free) on the website with a username and password.

2) Directorate General of Hydrocarbons, 2012.

Available from online database maintained on website at http://www.dghindia.org/PSC_D.aspx?tab=0

This database provides the name of the exploration block and its status. The name links to a separate page with more details of the exploration block, including its operator.

Hydrocarbon Exploration and Production Activities in India, 2005-2006

Peer Review Comments:

Lack of attention to the minerals and coal extractive industry Ministries

2.2B.020.h: Production data by company and/or block

Score: A B C D E

Comments:

Although the information is published (source 1), it is published by the Directorate General of Hydrocarbons. This agency, although widely considered as the upstream regulator, is also meant to be under the aegis of the Ministry of Petroleum and Natural Gas. Thus the regulatory separation remains a 'grey area'.

Although there are statistics on production published directly by the Ministry of Petroleum and Natural Gas (sources 2 and 3), they are categorised into 'ONGC', 'OIL', and 'JV/Private'. This in turn refers to production from Oil and Natural Gas Corporation of India (ONGC), Oil India Limited (OIL) - which together comprise government production or National Oil Company production - and production from Joint Ventures or Private Companies. Thus, the 'Joint Ventures/Private Company' category aggregates all production under those categories and does not provide a breakup either company-wise or block-wise.

This researcher also managed to obtain some data through further probing of the 'Lok Sabha' questions (Lower House of Parliament Question Time) but this cannot be considered a direct route.

References:

GOVERNMENT SOURCES

1) Hydrocarbon Exploration and Production Activities in India, 2010, Directorate General of Hydrocarbons, p. 75.

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

Current year and previous years (2009,2008,2007,2006,2005) available at:

<http://www.dghindia.org/Publication.aspx>

2) Basic Statistics on Indian Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas, p.11-12

Available at: <http://petroleum.nic.in/petstat.pdf>

3) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.24

Available at: <http://petroleum.nic.in/pngstat.pdf>

Peer Review Comments:

Mining and cola production data missing

2.2B.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D E

Comments:

Fuel subsidies on gas, kerosene, LPG and diesel are financed in two ways (1) directly by the government budget (2) by the National Oil Companies and government owned Oil Marketing Companies, through selling at prices below costs of supply. This system has been changing since 2010, when the input and output subsidy slowly began to be replaced by a direct subsidy on output financed on the government budget, and when the subsidy for petrol/motor spirit was eliminated. However, National Oil Companies and Oil Marketing Companies have long borne the financial burden of this earlier system, and the losses are called 'under recoveries' by the Indian government. This terminology is justified by stating that these state owned companies have other revenue streams.

References:

GOVERNMENT SOURCES:

1) Indian Petroleum and Natural gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p. 60 Table IV.5 Subsidy Provided by the Government and Oil Companies on PDS SKO & Domestic LPG

Available at: <http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas, p.36 Table -38. Subsidy by Govt. & Under Recovery by Oil Companies on PDS SKO & Domestic LPG

Available at: <http://petroleum.nic.in/petstat.pdf>

Peer Review Comments:

Again no mention of Ministry of Mines/ Coal

2.2B.020.j Does the Ministry of the extractive sector publish information on disaggregated revenue streams?

2.2B.020.j1: Production streams value

Score: A B C D **(E)**

Comments:

This researcher has selected 'E' or 'Other' as the information published on production streams is in terms of volumes or quantities. However, the values can be derived using the information on prices of petroleum and natural gas, which are also published in the above statistical compendiums.

Price of the Indian basket of Crude Oil are on p.56 of the Indian Petroleum and natural Gas Statistics, 2010.

Price of natural gas are on p.58.

Some conversions may be required, but in theory, the information can be derived.

The Ministry of Mines does publish the value of production streams (see Annex 3.1 of the Annual Report 2010-2011, <http://mines.gov.in/annual201011/an3.1.pdf>). Crude oil and natural gas accounted for 40.9 percent of the value of all minerals produced in 2010-11 and 39.7 percent of the value of all minerals in 2009-10. According to the table, crude oil overtook coal as India's most valuable mineral sector in 2008-09.

The Coal Ministry publishes data via its Annual Reports, available at

<http://www.coal.nic.in/welcome.html>

The 2010 Annual Report is available at <http://www.coal.nic.in/annrep1011.pdf>

Data in Annexures to the Annual Report is only available from the year 2006, and is thus dated. This is available at <http://www.coal.nic.in/anx0607.pdf>

The Coal Ministry also publishes Annual Budgets, available at: <http://www.coal.nic.in/welcome.html> (Click on tab 'Monthly receipts and expenditure')

The Ministry of Mines publishes Annual Reports available at: <http://mines.nic.in/index.aspx?clt=131&lang=1>

The Ministry of Mines also publishes its annual budgets, available at:

<http://mines.nic.in/index.aspx?lid=169&level=2&chk=24dfe45y5edf5e3>

<http://mines.nic.in/index.aspx?lid=170&level=2&chk=24dfe45y5edf5e3>

The Ministry of Mines publishes Annual Financial Statements covering its expenditure, available at:

<http://mines.nic.in/index.aspx?lid=106&level=1&chk=24dfe45y5edf5e3>

References:

GOVERNMENT SOURCE:

1) Indian Petroleum and natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas. p. 24-25,27,28

Available at: <http://petroleum.nic.in/pngstat.pdf>

Reporting year and at least one prior year.

2) Basic Statistics on Indian Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas, p. 11-12

Available at: <http://petroleum.nic.in/petstat.pdf>

Reporting year and at least one prior year.

2.2B.020.j2: Government s share in PSC

Score: **(A)** B C D E

Comments:

The relationship of the Directorate General of Hydrocarbons to the Ministry of Petroleum and Natural Gas should be noted. Although it is meant to provide technical advice, it is also widely considered as equivalent to the upstream regulator, and as discussed in part 1 of the questionnaire, this role remains a grey area. However, the Directorate is the only agency that has the capacity to monitor production sharing contracts.

Also note that disaggregated information i.e. contract-wise, was unavailable.

References:

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.7

This document exceeded the maximum capacity permissible on this system, but this researcher is happy to email it to the project manager if needed.

The document can be downloaded from the Directorate's website:

<http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

Please note that it may require free online registration.

2) Previous Issues contain previous years' data, available at:

<http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Ministry of Mines / Coal similar scenario.

2.2B.020.j3: Royalties

Score: A B C D E

Comments:

Once again, the researcher brings to the reader's attention the relationship between the Directorate General of Hydrocarbons and Ministry of Petroleum.

References:**GOVERNMENT SOURCES:**

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.10, table I.4 Trends in Indian Petroleum Industry at a Glance, item number 7 - royalty from oil in rupees billion, and royalty from gas in Rs billion.

p.92 Table VII.2 Royalty and Oil Development Cess Paid by Oil Companies on Production of Crude Oil and Natural Gas

Available at: <http://petroleum.nic.in/pngstat.pdf>

Uploaded.

2) Basic Statistics on Petroleum and Natural gas in India, 2010, Ministry of Petroleum, p. 5, table Table-2. GROWTH OF INDIAN PETROLEUM INDUSTRY AT A GLANCE, item 7(i) and 7(ii).

Available at: <http://petroleum.nic.in/petstat.pdf>

Uploaded.

3) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.7

This document exceeded the maximum capacity permissible on this system, but this researcher is happy to email it to the project manager if needed.

The document can be downloaded from the Directorate's website:

<http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

Please note that it may require free online registration.

Peer Review Comments:

Do not understand the omission of reference to the Ministry of Mines/Coal

2.2B.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

Comments:

In addition to excise and customs duty imposed by the federal government, there is an oil development

cess, revenues from which are meant to be reinvested or used for the development of the petroleum and natural gas sector.

References:

GOVERNMENT SOURCES:

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.10, table I.4 Trends in Indian Petroleum Industry at a Glance, item 7(ii), 7(iii) and 7(v) p. 91 and 92:
table VII.1 Realisation of excise and custom duties from crude oil and petroleum products
table VII.2 Royalty and oil development cess paid by oil companies on production of crude oil and natural gas
Available at <http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas, p.34 , Table-35. Realisation of Excise and Custom Duties from Crude Oil and Petroleum Products
Available at <http://petroleum.nic.in/pngstat.pdf>

Peer Review Comments:

In this Category I assume the focus is on oil/gas at the expense of the mineral/coal sector and as such is incomplete

2.2B.020.j5: Dividends

Score: (A) B C D E

Comments:

This shows the amount paid by companies to the government as dividends.

References:

GOVERNMENT SOURCES:

GOVERNMENT SOURCES:

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.10, table I.4 Trends in Indian Petroleum Industry at a Glance, item 7(vi) p.113, table X.10 Dividend paid by Public Sector Undertakings under the Ministry of Petroleum & Natural Gas .
Available at <http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas, p.5 Table-2. GROWTH OF INDIAN PETROLEUM INDUSTRY AT A GLANCE, item 7(vi).
Available at <http://petroleum.nic.in/pngstat.pdf>

Peer Review Comments:

What about mining dividends ?

eg

pibmumbai.gov.in/scripts/detail.asp?releaseId=E2012PR2490

2.2B.020.j6: Bonuses

Score: A B C D (E)

Comments:

There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.

References:

GOVERNMENT SOURCE:

1) Notification of the New Exploration Licensing Policy, 1999, p.4, item (ix).
There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.

Peer Review Comments:

I assume that this is the case for coal/ minerals

2.2B.020.j7: License fees

Score: A B C **(D)** E

Comments:

The above excerpt from the Petroleum Tax Guide 2010 sets out the amounts required to be paid for license fees in each year of the exploration period - as stated in the guidelines to the questionnaire, these amounts are relatively small . One reason for this information not being published by the Ministry of Petroleum and Natural Gas, is that these amounts may be required to be paid directly to the agency or authority providing the lease or license, which could be the state or central government. State government revenues may thus not be reported by the Ministry. However, this researcher did not find published information on the indicator through the Ministry of Petroleum.

References:

GOVERNMENT SOURCES:

1) Petroleum, Tax Guide , Ninth Offer of Exploration Licenses, 2010 p.12-13, clauses 10(1) to 10(5).
Available at:<http://petroleum.nic.in/nelp94.pdf>

Excerpt:

"Deposits, Licence Fee, Dead Rent and Surface Rent

10. (1) Before the licence is granted, the applicant for a licence shall deposit with the Central Government or where the licence is to be or has been granted by the State Government, the State Government as security for due observance of the terms, covenants and conditions of the licence, a sum of Rs. 4,00,000 (Rupees Four Lacs only).

(2) The licensee shall pay yearly in advance by way of licence fee in respect of his licence a sum calculated for each square kilometre or part thereof covered by the licence at the following rates -

a. Rs. 200 (Rupees Two Hundred only) for the first year of the licence

b. Rs. 400 (Rupees Four Hundred only) for the second year of the licence

c. Rs. 2000 (Rupees Two Thousand only) for the third year of the licence

d. Rs. 2800 (Rupees Two Thousand Eight Hundred only) for the fourth year of the licence

e Rs. 4000 (Rupees Four Thousand only) for each subsequent year of the renewal.

(3) The applicant for a lease shall, before the lease is granted to him -

a. deposit with the Central or the State Government, as the case may be, as security, a sum of Rs. 8,00,000 (Rupees Eight Lacs only), for due observance of the terms and conditions of the lease,

b. also deposit with the Central or the State Government, as the case may be, for meeting the preliminary expenses, such sum not exceeding Rs. 1,20,000 (Rupees One lac Twenty Thousand only), as the Central Government or the State Government with the approval of the Central Government, may determine.

(4) On the grant of a lease, the lessee -

a. shall pay to the Central or the State Government, as the case may be, for every year a fixed yearly dead rent at the following rates -

Rs. 100 (Rupees One Hundred only) per hectare or part thereof for the first 100 square kilometres and

Rs. 200 (Rupees Two Hundred only) per hectare or part thereof for area exceeding the first 100 square kilometres provided that the lessee shall be liable to pay only the dead rent or the royalty, whichever is

higher in amount but not both provided that the Lessee shall pay within thirty days dead rent of the grant of Petroleum Mining Lease and yearly dead rent in advance for every subsequent Year.

b. shall also pay to the State Government, for the surface area of the land actually used by him for the purpose of the operations conducted under the lease, surface rent at such rate, not exceeding the land revenue and cesses assessed or assessable on the land, as may be specified by the State Government with the approval of the Central Government.

(5) The deposits, license fee, dead rent and surface rents are subject to change in accordance with the relevant laws and rules by the Government or State Government, as the case may be, from time to time. "

Peer Review Comments:

There has to be some mention of the mineral/ coal sector and whether the data is the responsibility of the central or state authority in this category

2.2B.020.j8: Acreage fees

Score: A B C **(D)** E

Comments:

The above excerpt from the Petroleum Tax Guide 2010 sets out the amounts required to be paid for license fees in each year of the exploration period - as stated in the guidelines to the questionnaire, these amounts are relatively small . One reason for this information not being published by the Ministry of Petroleum and Natural Gas, is that these amounts may be required to be paid directly to the agency or authority providing the lease or license, which could be the state or central government. State government revenues may thus not be reported by the Ministry. However, this researcher did not find published information on the indicator through the Ministry of Petroleum.

References:

GOVERNMENT SOURCES:

1) Petroleum, Tax Guide , Ninth Offer of Exploration Licenses, 2010 p.12-13, clauses 10(1) to 10(5). Available at:<http://petroleum.nic.in/nelp94.pdf>

Excerpt:

"Deposits, Licence Fee, Dead Rent and Surface Rent

10. (1) Before the licence is granted, the applicant for a licence shall deposit with the Central Government or where the licence is to be or has been granted by the State Government, the State Government as security for due observance of the terms, covenants and conditions of the licence, a sum of

Rs. 4,00,000 (Rupees Four Lacs only).

(2) The licensee shall pay yearly in advance by way of licence fee in respect of his licence a sum calculated for each square kilometre or part thereof covered by the licence at the following rates -

a. Rs. 200 (Rupees Two Hundred only) for the first year of the licence

b. Rs. 400 (Rupees Four Hundred only) for the second year of the licence

c. Rs. 2000 (Rupees Two Thousand only) for the third year of the licence

d. Rs. 2800 (Rupees Two Thousand Eight Hundred only) for the fourth year of the licence

e Rs. 4000 (Rupees Four Thousand only) for each subsequent year of the renewal.

(3) The applicant for a lease shall, before the lease is granted to him -

a. deposit with the Central or the State Government, as the case may be, as security, a sum of Rs. 8,00,000 (Rupees Eight Lacs only), for due observance of the terms and conditions of the lease,

b. also deposit with the Central or the State Government, as the case may be, for meeting the preliminary expenses, such sum not exceeding Rs. 1,20,000 (Rupees One lac Twenty Thousand only), as the Central Government or the State Government with the approval of the Central Government, may determine.

(4) On the grant of a lease, the lessee -

a. shall pay to the Central or the State Government, as the case may be, for every year a fixed yearly dead rent at the following rates -

Rs. 100 (Rupees One Hundred only) per hectare or part thereof for the first 100 square kilometres and

Rs. 200 (Rupees Two Hundred only) per hectare or part thereof for area exceeding the first 100 square

kilometres provided that the lessee shall be liable to pay only the dead rent or the royalty, whichever is higher in amount but not both provided that the Lessee shall pay within thirty days dead rent of the grant of Petroleum Mining Lease and yearly dead rent in advance for every subsequent Year.

b. shall also pay to the State Government, for the surface area of the land actually used by him for the purpose of the operations conducted under the lease, surface rent at such rate, not exceeding the land revenue and cesses assessed or assessable on the land, as may be specified by the State Government with the approval of the Central Government.

(5) The deposits, license fee, dead rent and surface rents are subject to change in accordance with the relevant laws and rules by the Government or State Government, as the case may be, from time to time. "

Peer Review Comments:

' State government revenues may thus not be reported ' may also apply to the coal and mineral sectors

2.2B.020.j9: Other (Explain in 'comments' box.)

Score: (A) B C D E

Comments:

In addition to sales tax, there is an 'education cess' levied on hydrocarbons production, meant to contribute to investment in the education sector. Information on this was not available in the statistical compendiums published by the Ministry of Petroleum and Natural Gas.

The Ministry also publishes figures on the petroleum sector's contribution to GDP. For example, in 2009-10, the petroleum sector contributed 2.63 percent to GDP (see p. 7 of Basic Statistics).

References:

GOVERNMENT SOURCES:

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.10 table I.4 Trends in Indian Petroleum Industry at a Glance, item 7(v) 'sales tax'. p.93-95

Table VII.4 Sales tax payments on crude oil, condensates, natural gas and petroleum products Available at <http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Petroleum and Natural Gas in India, 2010, Ministry of Petroleum p.5, table Table-2. GROWTH OF INDIAN PETROLEUM INDUSTRY AT A GLANCE, item 7(v) p.7, Petroleum sector's contribution to GDP

Available at: <http://petroleum.nic.in/petstat.pdf>

Peer Review Comments:

I understand that the State Ministeries have similar education cess

2.2B Quality of reports

2.2B.021: Are periodical reports containing information on revenue generation published by the Ministry of the extractive sector understandable?

Score: A (B) C D E

Comments:

There is an annual statistical bulletin published by the Ministry of Petroleum and Natural Gas, titled 'Indian Petroleum and Natural Gas Statistics'. This contains an introductory chapter setting out the following:

Scope, coverage, source, limitations, reference period, natural gas, petroleum exports, petroleum

imports, laue of import/exports, revision, abbreviations, conversion factor. However, the summaries under each of these sub headings are very short and general. A second chapter, titled 'Performance of Petroleum & Natural Gas Sector– Some Key Macro-Economic Trends Introduction' contains a discussion of some of the main statistics. This again, does not delve into definitions or methodology, but rather, reads as a publicisation of the positive performance of the Indian energy sector. However, it does present some tables and graphs, allowing the reader to draw his or her conclusions. The last section of this statistical compendium contains data that are useful in analysing and understanding the statistics presented in a comparative mode (for instance, allowing international comparisons). As noted earlier, the statistical compendium is comprehensive but does not contain all of the indicators asked for in this questionnaire. Also, the usefulness of the abbreviations is somewhat limited by placing them at the end of the bulletin rather than in the beginning, especially given the fact that abbreviations are used throughout.

In summary, the content and organisation of the compendium could be vastly improved. A second statistical bulletin ' Basic Statistics on Indian Petroleum and Natural Gas' is presented as a 'skeletal version' of the main statistical compendium, and contains no definitions or narrative whatsoever. The 'Exploration and Production Activities in India' reports are again an annual compendium published by the Directorate General of Hydrocarbons, widely considered the upstream regulator, but in practice under the ambit of the Ministry of Petroleum and Natural Gas. This report is dated (the 2010 report was unavailable until 2011/ early 2012). It contains comprehensive data on the distribution of exploration acreage amongst companies operating in the country.

The Coal Ministry publishes data via its Annual Reports, available at <http://www.coal.nic.in/welcome.html>
 The 2010 Annual Report is available at <http://www.coal.nic.in/annrep1011.pdf>
 Data in Annexures to the Annual Report is only available from the year 2006, and is thus dated. This is available at <http://www.coal.nic.in/anx0607.pdf>
 The Coal Ministry also publishes Annual Budgets, available at: <http://www.coal.nic.in/welcome.html> (Click on tab 'Monthly receipts and expenditure')
 These do not contain explanatory notes.

The Ministry of Mines publishes Annual Reports available at: <http://mines.nic.in/index.aspx?clt=131&lang=1>
 The Ministry of Mines also publishes its annual budgets, available at:
<http://mines.nic.in/index.aspx?lid=169&level=2&chk=24dfe45y5edf5e3>
<http://mines.nic.in/index.aspx?lid=170&level=2&chk=24dfe45y5edf5e3>
 The Ministry of Mines publishes Annual Financial Statements covering its expenditure, available at:
<http://mines.nic.in/index.aspx?lid=106&level=1&chk=24dfe45y5edf5e3>

References:

- 1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.1-8 and p.167-180.
 Available at: <http://petroleum.nic.in/pngstat.pdf>
- 2) Basic Statistics on Indian Petroleum and Natural Gas, 2010, Ministry of Petroleum and Natural Gas
 Available at: <http://petroleum.nic.in/petstat.pdf>
- 3) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons.
 Available at <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>
 This file exceeds the maximum permissible limit on this system but the researcher is happy to email it to the project manager if required.

2.2B.022: How often are the periodical reports containing information on revenue generation published by the Ministry of the extractive sector?

Score: A B C D E

Comments:

The Coal Ministry publishes data via its Annual Reports, available at <http://www.coal.nic.in/welcome.html>
 The 2010 Annual Report is available at <http://www.coal.nic.in/annrep1011.pdf>
 Data in Annexures to the Annual Report is only available from the year 2006, and is thus dated. This is available at <http://www.coal.nic.in/anx0607.pdf>
 The Coal Ministry also publishes Annual Budgets, available at: <http://www.coal.nic.in/welcome.html> (Click on tab 'Monthly receipts and expenditure')
 The Ministry of Mines publishes Annual Reports available at: <http://mines.nic.in/index.aspx?clt=131&lang=1>
 The Ministry of Mines also publishes its annual budgets, available at:
<http://mines.nic.in/index.aspx?lid=169&level=2&chk=24dfe45y5edf5e3>
<http://mines.nic.in/index.aspx?lid=170&level=2&chk=24dfe45y5edf5e3>
 The Ministry of Mines publishes Annual Financial Statements covering its expenditure, available at:
<http://mines.nic.in/index.aspx?lid=106&level=1&chk=24dfe45y5edf5e3>

References:

GOVERNMENT SOURCES:

- 1) Preface, Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum.
 Excerpt: "Preface
 The Economic Division of the Ministry of Petroleum & Natural Gas has conscientiously endeavoured to bring out its annual bulletin "Indian Petroleum & Natural Gas Statistics" from 1967."
 Available at: <http://petroleum.nic.in/pngstat.pdf>
- 2) Preface, Basic Statistics on Petroleum and Natural Gas, 2010, Ministry of Petroleum and Narural Gas.
 Excerpt: "The "Basic Statistics on Indian Petroleum & Natural Gas, 2010-11" is the sixteenth in a series that was first released in 1996. It is a skeletal forerunner of the detailed annual Statistics Bulletin published regularly after the end of the financial year. Basic Statistics data for the year 2010-11 is, of course, provisional and subject to revision due to final reconciliation of the data by the source agencies."
 Available at: <http://petroleum.nic.in/petstat.pdf>

2.2C.020 Does a Regulatory Agency publish information on revenue generation?

2.2C.020.a: Reserves

Score: (A) B C D E

Comments:

The Directorate General of Hydrocarbons (established in 1993) is widely considered the upstream regulator, although in practice it is not independent as it comes under the aegis of the Ministry of Petroleum and Natural Gas. The downstream regulator is the Petroleum and Natural Gas Board, which was established in 2006, but which has in general not been sufficiently empowered.

References:

GOVERNMENT SOURCE:

- 1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocabons (available online in early 2012).p.68-78 'E&P Data and Statistics'
 Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>
- 2) Previous years (2009,2008,2007,2006,2005) available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Regulatory Agencies for minerals and coal are the Central Government Ministry of Mines, Bureau of Mines and the Ministry of Coal and also the State Mine Departments as such these authorities have not been addressed in the Revenue and Collection Regulatory Agency Categories

<http://mines.gov.in/ls0212/USQ-2069.pdf>

2.2C.020.b: Production volumes

Score: A B C D E

References:

GOVERNMENT SOURCE:

1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons (available online in early 2012).p.68-78 'E&P Data and Statistics'

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Mines/ Coal and State Mine Ministries regulatory authorities

2.2C.020.c: Information on prices

Score: A B C D E

Comments:

The upstream regulator, Directorate General of Hydrocarbons, does not publish data on prices. This is published by the Ministry of Petroleum Economic Division (as seen in the earlier section), and the Petroleum Planning and Analysis Cell (also under the Ministry). The downstream regulator (Petroleum and Natural Gas Regulatory Board) only deals with the fixation of pipeline tariffs for, for instance, city gas distribution networks that supply to retail consumers, or, for pipelines built to connect oil and gas facilities with other regions in the country for industrial supply. Thus the data published by them in relation to prices includes guidelines and notifications of prices that have been approved, and draft guidelines and notifications published for public consultation and comment. This could imply that the process is open to public consultation and hence relatively transparent.

References:

GOVERNMENT SOURCES:

1) Petroleum and Natural Gas Regulatory Board, 2012

See:

Notified Regulations (6,10,14): <http://www.pngrb.gov.in/newsite/OurRegulation/notified-regulation.html>

Draft Regulations (3): <http://www.pngrb.gov.in/newsite/OurRegulation/draft-regulation.html>

Draft Guidelines (1,2) : <http://www.pngrb.gov.in/newsite/OurRegulation/draft-guidelines.html>

Peer Review Comments:

I assume this is the case for minerals and coal

2.2C.020.d: Value of resource exports

Score: A B C D E

References:

Neither the Directorate General of Hydrocarbons nor the Petroleum and Natural Gas Regulatory Board publishes data on exports. This data is published by the Ministry of Petroleum and Natural Gas Economic Division, and the Petroleum Planning and Analysis Cell (under the Ministry).

Peer Review Comments:

Similar situation for coal and minerals

2.2C.020.e: Estimates of investment in exploration and development

Score: A B C **(D)** E

References:

Neither the Directorate General of Hydrocarbons nor the Petroleum and Natural gas Board publishes data on investments in exploration (values). This data is published by the Ministry of Petroleum and Natural Gas Economic Division, and the Petroleum Planning and Analysis Cell (under the Ministry).

Peer Review Comments:

No mention of coal and mineral exploration investment

2.2C.020.f: Production costs

Score: A B C **(D)** E

References:

Neither the Directorate General of Hydrocarbons nor the Petroleum and Natural gas Board publishes data on production costs. This data is hard to find. As indicated in the previous section of the questionnaire, the Ministry of Petroleum publishes some data on the expenditures of National Oil Companies, segregated by activity type, in the following publication:
Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.107 table X.1 Expenditure of Public Sector Undertakings of Ministry of Petroleum & Natural Gas
Available at: <http://petroleum.nic.in/pngstat.pdf>
Uploaded as attachment.

Peer Review Comments:

Hard to find in regard to coal and minerals as well

2.2C.020.g: Names of companies operating in country

Score: **(A)** B C D E

Comments:

This compendium exceeds the maximum permissible size for file attachments but the researcher is happy to email it to the project manager if required.

References:

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons.

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

Relevant pages:

Pages 17-25 provide a summary of the acreage blocks awarded under each round of licensing under the New Exploration Licensing Policy over the last 8 rounds, with details of the block name, company or consortium it was awarded to with their corresponding participating interests, date of signing the contract, and area of the block. It also provides a list of the blocks relinquished from that round. The data is as of 1 March 2011.

Pages 26-27 provide company-wise and basin-wise distribution of petroleum exploration license areas under operation as of 1 March 2011, along with information on which licensing round they were originally awarded under.

Pages 28-31 provide the percentage (proportionate) division of acreage amongst companies operating in India as of 1 March 2011.

Pages 34-45 provide a country map, followed by basin-wise maps of petroleum exploration license areas and mining leases areas showing the locations of exploration activities as of 1 March 2011.

Pages 46-63 contain the categorisation of areas under petroleum exploration licenses and mining leases for each company.

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Coal and Mining Ministries should have this information as well as public eg Coal India and private companies eg TATA Steel

2.2C.020.h: Production data by company and/or block

Score: (A) B C D E

Comments:

This compendium exceeds the maximum permissible size for file attachments but the researcher is happy to email it to the project manager if required.

References:

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.75, "COMPANY / BASIN WISE OIL & GAS PRODUCTION (01.04.2010 TO 31.03.2011)" Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Ministry of Mines/ Coal should have this information in their Annual Reports

2.2C.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C (D) E

References:

Neither the Directorate General of Hydrocarbons nor the Petroleum and Natural gas Board publishes data on exports. This data is published by the Ministry of Petroleum and Natural Gas Economic Division, and the Petroleum Planning and Analysis Cell (under the Ministry).

Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum, p.59-60

Table IV.4 Subsidies provided under Budget of Government of India

Table IV.5 Subsidies provided by the Government of India & Oil companies on PDS SKO & Domestic LPG Available at: <http://petroleum.nic.in/pngstat.pdf>

Peer Review Comments:

Should comment on the situation in minerals and coal

2.2C.020.j Does a Regulatory Agency publish information on disaggregated revenue streams?

2.2C.020.j1: Production streams value

Score: A B C **(D)** E

Comments:

Neither the upstream regulator (Directorate General of Hydrocarbons) nor the Downstream Regulator (Petroleum and Natural Gas Regulatory Board) publish information on the value of production streams, but the Directorate General of Hydrocarbons publishes information on the production quantities (1 and 2 in sources). The Ministry of Petroleum published information on production quantities and prices separately (or in separate tables) and it is possible to derive the value from this data (3 in the sources).

References:

GOVERNMENT SOURCES:

1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons (available online in early 2012) .p.68-78 'E&P Data and Statistics'

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

3) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum
p. 24-5; p27-29; p.57-58

Table II.9 Company-wise production of crude oil in India (Calendar & Financial Years)

Table II.10 State-wise production of crude oil in India (Calendar & Financial Years)

Table II.12 State-wise gross production of natural gas in India (Calendar & Financial Years) 27

Table II.13 State-wise gross and net production of natural gas in India.

Table IV.3 (a) Weighted average of crude oil prices

Table IV.3 (b) Consumer and producer prices of natural gas

Available at : <http://petroleum.nic.in/pngstat.pdf>

Peer Review Comments:

Similar situation for minerals and coal ?

2.2C.020.j2: Government s share in PSC

Score: **(A)** B C D E

Comments:

The Directorate General of Hydrocarbons published only the aggregate information on profit petroleum earned by the Government for each year, from all production sharing contracts. Disaggregated information from each contract is not available. The report(s) exceeds the maximum file attachment size on this system but the researcher is happy to email these to the project manager if necessary.

References:

GOVERNMENT SOURCES:

1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons (available online in early 2012).p.7

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at:
<http://www.dghindia.org/Publication.aspx>

2.2C.020.j3: Royalties

Score: A B C D E

Comments:

The Directorate General of Hydrocarbons published only the aggregate information on profit petroleum earned by the Government for each year, from all production sharing contracts. Disaggregated information from each contract is not available. The report(s) exceeds the maximum file attachment size on this system but the researcher is happy to email these to the project manager if necessary.

References:

GOVERNMENT SOURCES:

1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons (available online in early 2012).p.7

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at:
<http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

No mention of the coal and mineral sector royalty reports

2.2C.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C D E

References:

Neither the Directorate General of Hydrocarbons nor the Petroleum and Natural gas Board publishes data on exports. As indicated in the previous section(category) this data is published by the Ministry of Petroleum and Natural Gas Economic Division, and the Petroleum Planning and Analysis Cell (under the Ministry).

Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum, p.91-95, 'Taxes and Duties'

Available at: <http://petroleum.nic.in/pngstat.pdf>

Uploaded as attachment.

Peer Review Comments:

I assume that this is the case for coal and minerals

2.2C.020.j5: Dividends

Score: A B C D E

References:

Neither the Directorate General of Hydrocarbons nor the Petroleum and Natural gas Board publishes data on exports. As indicated in the previous section(category) this data is published by the Ministry of Petroleum and Natural Gas Economic Division, and the Petroleum Planning and Analysis Cell (under the Ministry).

Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum, p.113

Table X.10 Dividend paid by Public Sector Undertakings under the Ministry of Petroleum & Natural Gas .

Available at: <http://petroleum.nic.in/pngstat.pdf>

Uploaded as attachment.

Peer Review Comments:

This is also the case for minerals and coal although Coal India publishes dividends

2.2C.020.j6: Bonuses

Score: A B C D E

References:

GOVERNMENT SOURCE:

1) Notification of the New Exploration Licensing Policy, 1999, p.4, item (ix).
There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.

Peer Review Comments:

Coal and mineral sectors ?

2.2C.020.j7: License fees

Score: A B C D E

References:

This information is not published by either the Directorate General of Hydrocarbons or the Petroleum and Natural Gas Regulatory Board.

It is also not published by the Ministry of Petroleum and Natural Gas (please refer back to question 2.2B.020.j7). However, the guidelines and amounts are clearly set out by the Petroleum Tax Guide for the Ninth (and latest) exploration licensing round.

1) Petroleum, Tax Guide , Ninth Offer of Exploration Licenses, 2010 p.12-13, clauses 10(1) to 10(5).
Available at:<http://petroleum.nic.in/nelp94.pdf>

Excerpt:

"Deposits, Licence Fee, Dead Rent and Surface Rent

10. (1) Before the licence is granted, the applicant for a licence shall deposit with the Central Government or where the licence is to be or has been granted by the State Government, the State Government as security for due observance of the terms, covenants and conditions of the licence, a sum of

Rs. 4,00,000 (Rupees Four Lacs only).

(2) The licensee shall pay yearly in advance by way of licence fee in respect of his licence a sum calculated for each square kilometre or part thereof covered by the licence at the following rates -

a. Rs. 200 (Rupees Two Hundred only) for the first year of the licence

b. Rs. 400 (Rupees Four Hundred only) for the second year of the licence

c. Rs. 2000 (Rupees Two Thousand only) for the third year of the licence

d. Rs. 2800 (Rupees Two Thousand Eight Hundred only) for the fourth year of the licence

e Rs. 4000 (Rupees Four Thousand only) for each subsequent year of the renewal.

(3) The applicant for a lease shall, before the lease is granted to him -

a. deposit with the Central or the State Government, as the case may be, as security, a sum of Rs. 8,00,000 (Rupees Eight Lacs only), for due observance of the terms and conditions of the lease,

b. also deposit with the Central or the State Government, as the case may be, for meeting the preliminary expenses, such sum not exceeding Rs. 1,20,000 (Rupees One lac Twenty Thousand only), as the Central Government or the State Government with the approval of the Central Government, may determine.

(4) On the grant of a lease, the lessee -

a. shall pay to the Central or the State Government, as the case may be, for every year a fixed yearly dead rent at the following rates -

Rs. 100 (Rupees One Hundred only) per hectare or part thereof for the first 100 square kilometres and

Rs. 200 (Rupees Two Hundred only) per hectare or part thereof for area exceeding the first 100 square kilometres provided that the lessee shall be liable to pay only the dead rent or the royalty, whichever is higher in amount but not both provided that the Lessee shall pay within thirty days dead rent of the grant of Petroleum Mining Lease and yearly dead rent in advance for every subsequent Year.

b. shall also pay to the State Government, for the surface area of the land actually used by him for the purpose of the operations conducted under the lease, surface rent at such rate, not exceeding the land revenue and cesses assessed or assessable on the land, as may be specified by the State Government with the approval of the Central Government.

(5) The deposits, license fee, dead rent and surface rents are subject to change in accordance with the relevant laws and rules by the Government or State Government, as the case may be, from time to time. "

2.2C.020.j8: Acreage fees

Score: A B C **D** E

References:

This information is not published by either the Directorate General of Hydrocarbons or the Petroleum and Natural Gas Regulatory Board.

It is also not published by the Ministry of Petroleum and Natural Gas (please refer back to question 2.2B.020.j8). However, the guidelines and amounts are clearly set out by the Petroleum Tax Guide for the Ninth (and latest) exploration licensing round.

1) Petroleum, Tax Guide , Ninth Offer of Exploration Licenses, 2010 p.12-13, clauses 10(1) to 10(5). Available at:<http://petroleum.nic.in/nelp94.pdf>

Excerpt:

"Deposits, Licence Fee, Dead Rent and Surface Rent

10. (1) Before the licence is granted, the applicant for a licence shall deposit with the Central Government or where the licence is to be or has been granted by the State Government, the State Government as security for due observance of the terms, covenants and conditions of the licence, a sum of

Rs. 4,00,000 (Rupees Four Lacs only).

(2) The licensee shall pay yearly in advance by way of licence fee in respect of his licence a sum calculated for each square kilometre or part thereof covered by the licence at the following rates -

a. Rs. 200 (Rupees Two Hundred only) for the first year of the licence

b. Rs. 400 (Rupees Four Hundred only) for the second year of the licence

c. Rs. 2000 (Rupees Two Thousand only) for the third year of the licence

d. Rs. 2800 (Rupees Two Thousand Eight Hundred only) for the fourth year of the licence

e. Rs. 4000 (Rupees Four Thousand only) for each subsequent year of the renewal.

(3) The applicant for a lease shall, before the lease is granted to him -

a. deposit with the Central or the State Government, as the case may be, as security, a sum of Rs. 8,00,000 (Rupees Eight Lacs only), for due observance of the terms and conditions of the lease,

b. also deposit with the Central or the State Government, as the case may be, for meeting the preliminary expenses, such sum not exceeding Rs. 1,20,000 (Rupees One lac Twenty Thousand only), as the Central Government or the State Government with the approval of the Central Government, may determine.

(4) On the grant of a lease, the lessee -

a. shall pay to the Central or the State Government, as the case may be, for every year a fixed yearly dead rent at the following rates -

Rs. 100 (Rupees One Hundred only) per hectare or part thereof for the first 100 square kilometres and

Rs. 200 (Rupees Two Hundred only) per hectare or part thereof for area exceeding the first 100 square kilometres provided that the lessee shall be liable to pay only the dead rent or the royalty, whichever is higher in amount but not both provided that the Lessee shall pay within thirty days dead rent of the grant of Petroleum Mining Lease and yearly dead rent in advance for every subsequent Year.

b. shall also pay to the State Government, for the surface area of the land actually used by him for the purpose of the operations conducted under the lease, surface rent at such rate, not exceeding the land revenue and cesses assessed or assessable on the land, as may be specified by the State Government with the approval of the Central Government.

(5) The deposits, license fee, dead rent and surface rents are subject to change in accordance with the relevant laws and rules by the Government or State Government, as the case may be, from time to time. "

Peer Review Comments:

I guess this also applies to mining

2.2C.020.j9: Other (Explain in 'comments' box.)

Score: A B C D E

Comments:

In addition to sales tax, there is an 'education cess' levied on hydrocarbons production, meant to contribute to the education sector. Information on this was not available in the statistical compendiums published either by the upstream or downstream regulators, or by the Ministry of Petroleum and Natural Gas.

References:

There are other revenue streams, but these are not published by the Directorate General of Hydrocarbons or the Petroleum and Natural Gas Regulatory Board. They are published by the Ministry of Petroleum. The sources for revenues from customs and excise duty are as follows.

GOVERNMENT SOURCES:

1) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas, p.10 table I.4 Trends in Indian Petroleum Industry at a Glance, item 7(v) 'sales tax'. p.93-95
Table VII.4 Sales tax payments on crude oil, condensates, natural gas and petroleum products Available at <http://petroleum.nic.in/pngstat.pdf>

2) Basic Statistics on Petroleum and Natural Gas in India, 2010, Ministry of Petroleum p.5, table Table-2. GROWTH OF INDIAN PETROLEUM INDUSTRY AT A GLANCE, item 7(v) Available at: <http://petroleum.nic.in/petstat.pdf>

Peer Review Comments:

Same for mining ?

2.2C Quality of reports

2.2C.021: Are periodical reports containing information on revenue generation published by the Regulatory Agency understandable?

Score: A B C D E

Comments:

'Hydrocarbons Exploration and Production Activities in India' is the main statistical publication of the Directorate General of Hydrocarbons, the upstream regulator. It is fairly comprehensive, providing details of cumulative royalties and profit petroleum. It also provides details of reserves, production, and drilling and seismic activities conducted in a year. It has summaries of the main features of the exploration policies of the Government of India preceding the presentation of most of the data. One limitation is that it may presume some basic knowledge of the hydrocarbons sectors on the part of the reader, especially with respect to the more technical aspects covered by it, for which it does not provide definitions. It contains vast volumes of data on company-wise operations and the distribution of acreage - one observation upon reading these sections is that they appear to be prepared by different people or different divisions in the Directorate - so the reader is left with having to cross check between various

sections whether the data presented tallies. Some consolidation of this, or even explanation of this, would have been very useful.

It must be noted that upon enquiry this researcher found that there exist further publications containing detailed data on past licensing rounds; the name of this publication is 'Silk Route to NELP' and it is advertised on the website. However, it needs to be purchased from the Ministry and appears to be aimed primarily at prospective investors. It is also advertised on the website of the Directorate. <http://www.dghindia.org/SilkRouteToNELP6.aspx>

References:

GOVERNMENT SOURCES:

1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons (available online in early 2012)
Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at:
<http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Ministry of Mines/ Coal Annual Reports as well as State mine regulatory reports

2.2C.022: How often are the periodical reports containing information on revenue generation published by the Regulatory Agency?

Score: A B C D E

Comments:

The 'Hydrocarbons Exploration and Production Activities in India' report is meant to be published annually, however, the 2010 report was unavailable online until early 2012.

References:

GOVERNMENT SOURCES:

1) Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons (available online in early 2012)
Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at:
<http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

I assume this information is also in mines and coal reports

2.2D.020 Does the Central Bank publish information on revenue generation?

2.2D.020.a: Reserves

Score: A B C D E

References:

The Central Bank does not publish information on hydrocarbons reserves. Information on reserves is published by the Ministry of Petroleum and Natural Gas, and the Directorate General of Hydrocarbons (the upstream regulator). Please refer to 2.2B.020.a and 2.2C.020.a for this data.

Peer Review Comments:

I guess this is the case for minerals and coal

2.2D.020.b: Production volumes

Score: A B C D E

Comments:

Data is originally from the Ministry of Petroleum and Natural Gas.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2010, Reserve Bank of India
Available at <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=13622>

2) Handbook of Statistics on the Indian Economy, 2009
Available at <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=12725>

Peer Review Comments:

Handbook of Statistics covers mining and coal

2.2D.020.c: Information on prices

Score: A B C D E

Comments:

This indicator has been scored 'E' or 'Other'. This is because the Central Bank does not publish absolute values of prices of hydrocarbons and other minerals. It publishes a price index which tracks the trend in prices of these commodity sectors. This Index is published monthly. The Central Bank also separately publishes the retail prices of select commodities, such as gold and silver. This is available at http://www.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=13181.

An archive search will retrieve previous issues of the RBI Bulletin.

The Macroeconomic and Monetary Developments bulletin, published quarterly, also contains some discussion on commodity prices of hydrocarbons and minerals, although it does not contain comprehensive time series data.

References:

GOVERNMENT SOURCES:

1) RBI (Reserve Bank of India) Bulletin, April 2012; Prices: Index Numbers of Wholesale Price in India - by Groups and Sub Groups (Averages), 1,C(c) Crude Petroleum.
Available at: http://www.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=13185
Contains data for 2010.
Uploaded as attachment.

2) RBI (Reserve Bank of India) Bulletin, April 2011; Prices: Index Numbers of Wholesale Price in India - by Groups and Sub Groups (Averages), 1,C(c) Crude Petroleum.
Uploaded as attachment.
Contains data for 2009.

3) RBI Quarterly Macroeconomic and Monetary Developments: Price Situation, April 2012
Available at: <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14229>
Uploaded as attachment.

2.2D.020.d: Value of resource exports

Score: (A) B C D E

Comments:

Data on the value of resource exports is published monthly, annually and quarterly. This includes data on minerals (source 3).

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2010

Table 198 : Exports of Principal Commodities - US Dollar, item III: Petroleum Products

Available at: <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=13717>

Uploaded as attachment.

2) Handbook of Statistics on the Indian Economy, 2009

Table 129 : Broad Commodity Composition of India's Merchandise Trade - Oil and Non-Oil Exports and Imports - US Dollar

Available at: <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=12890>

Uploaded as attachment.

3) Quarterly Macroeconomic and Monetary Developments -The External Sector, table III.1 (India's Merchandise Trade), April 2012.

Available at <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14226>

4) Principal Commodity-wise Exports: Monthly; Database on Indian Economy.

Available at: <http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics>

Uploaded as attachment.

2.2D.020.e: Estimates of investment in exploration and development

Score: A B C D (E)

Comments:

This indicator has been scored 'Other' or 'E', as the Central Bank (Reserve Bank of India) publishes total Foreign Direct Investment flows by year, as well as Foreign Direct Investment flows by sector, but not disaggregated down to the level of Petroleum and Natural Gas. (sector categories include FDI in "electricity and other energy generation, distribution and transmission" and "mining")

The data include FDI in the mining sector.

References:

GOVERNMENT SOURCES:

1) Annual Report 2011, Reserve Bank of India, APPENDIX TABLE 19: FOREIGN DIRECT INVESTMENT FLOWS TO INDIA: COUNTRY-WISE AND INDUSTRY-WISE (in US\$ Millions)

Available at: <http://rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1029>

Contains data for 2010; 2009.

Uploaded as attachment.

2) Annual Report 2011, Reserve Bank of India, APPENDIX TABLE 1: MACROECONOMIC AND FINANCIAL INDICATORS, item VI,1(h) " Net Capital Flows, of which FDI to India"

Available at: <http://rbi.org.in/scripts/AnnualReportPublications.aspx?Id=1011>

Contains data for 2010; 2009.

Uploaded as attachment.

2.2D.020.f: Production costs

Score: A B C **(D)** E

Comments:

Data on production costs of the hydrocarbons industry is not published by the Central Bank. However, the Central Bank publishes the results of a representative survey of the industrial sector called the Annual Survey of Industries, which is meant to provide average estimates of production costs. These cannot really be generalised to the hydrocarbons sector, given the element of risk that is involved.

Refer to Indicator 2.2B.020 which provides information published by the Ministry of Petroleum and Natural Gas.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2010
Table 33 : Annual Survey of Industries - Principal Characteristics
Available at: <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=13621>

2) Handbook of Statistics on the Indian Economy, 2009
Table 33 : Annual Survey of Industries - Principal Characteristics
Available at: <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=12724>

2.2D.020.g: Names of companies operating in country

Score: A B C **(D)** E

References:

The Central Bank (Reserve Bank of India) does not publish this data. This data is published by the upstream regulator - the Directorate General of Hydrocarbons. Some data is also published by the Ministry of Petroleum. Please refer to indicators 2.2B.020.h and 2.2C.020.h for further details.

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.75, "COMPANY / BASIN WISE OIL & GAS PRODUCTION (01.04.2010 TO 31.03.2011)"
Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at:
<http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

I assume that is the case for minerals and coal

2.2D.020.h: Production data by company and/or block

Score: A B C **(D)** E

References:

The Central Bank (Reserve Bank of India) does not publish this data. This data is published by the upstream regulator - the Directorate General of Hydrocarbons. Some data is also published by the Ministry of Petroleum. Please refer to indicators 2.2B.020.h and 2.2C.020.h for further details.

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.75, "COMPANY / BASIN WISE OIL & GAS PRODUCTION (01.04.2010 TO 31.03.2011)"

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Similar situation for minerals and coal

2.2D.020.i: Cost of subsidies or social investments paid by mineral revenue

Score: A B C D **E**

Comments:

In India, subsidies are provided on Liquefied Petroleum Gas (LPG), kerosene, and diesel. These subsidies are primarily financed through three methods:

- 1) Directly on the federal government budget
 - 2) By Oil Marketing Companies (which are state-owned) that are directed to sell petroleum products at a price below the cost of supplying them, and bear this difference directly - these are referred to as 'under-recoveries' by the federal government.
 - 3) State owned upstream exploration companies (also the National Oil Companies) finance a proportion of the subsidy through their profits from production.
- The federal government provides compensation to Oil Marketing Companies and National Oil Companies to cover some of their under-recoveries through two channels.

- a) An amount of compensation is provided for on the Federal Budget
- b) Until recently, the government issued 'oil bonds' to these companies to make up for some portion of their under-recoveries - the intention was to let companies sell these bonds on the market to raise liquidity. This strategy has not worked particularly well, as Oil Bonds do not count towards the Statutory Liquidity Requirements of banks and other financial institutions under rules of the Central Bank, and therefore the market for Oil Bonds became saturated very quickly.

The under-recoveries are therefore particularly pertinent to this indicator as they represent some portion of mineral revenues that may be used to finance subsidies.

The Central Bank (Reserve Bank of India) does not publish information disaggregated to the level of underrecoveries from Oil Marketing Companies in a time series form. Rather, it includes it in the publication of data at a highly aggregated level, under the heading 'revenue expenditure' or 'non-developmental' expenditure. This indicator has been scored 'E' or 'other' as the information is published, but under an aggregate. This aggregate is obtained from the Expenditure Budgets of the Ministry of Finance, which in turn may obtain further data from the Ministry of Petroleum and Natural Gas.

The Central Bank publishes a Quarterly Bulletin on Macroeconomic and Monetary Developments, which occasionally contains discussion and analysis of the levels of underrecoveries, in relation to high crude oil prices and subsidies (source number 3). This does not contain sufficient data to score the indicator differently.

Please refer back to indicators 2.2A.020.j and 2.2B.020.i which provide information published on this indicator by the Ministry of Finance and Ministry of the Extractive Sector, respectively.

References:

GOVERNMENT SOURCES:

- 1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.
Table: TABLE 103 : MAJOR HEADS OF EXPENDITURE OF THE CENTRAL GOVERNMENT
Available at <http://dbie.rbi.org.in/OpenDocument/opendoc/openDocument.jsp>
Contains data for reporting year and one prior year (see comments).
Uploaded as attachment.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.
 TABLE 104 : MAJOR HEADS OF DEVELOPMENTAL AND NON-DEVELOPMENTAL EXPENDITURE OF THE
 CENTRAL GOVERNMENT
 Available at <http://dbie.rbi.org.in/OpenDocument/.opendoc/openDocument.jsp>
 Contains data for reporting year and one prior year (see comments).
 Uploaded as attachment.

3) Quarterly Bulletin on Macroeconomic and Monetary Developments, Chapter 6: Price Situation, April
 2012
 Available at <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=14229>
 Uploaded as attachment

2.2D.020.j Does the Central Bank publish information on disaggregated revenue streams?

2.2D.020.j1: Production streams value

Score: A B C **(D)** E

Comments:

The Central Bank (Reserve Bank of India) publishes information on the volumes of production of petroleum and natural gas, but not their value, unless the values are in relation to exports or imports.

Values could be derived by applying international prices to production volumes, but these are not published by the Central Bank either.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2010, Reserve Bank of India
 Available at <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=13622>

2) Handbook of Statistics on the Indian Economy, 2009
 Available at <http://www.rbi.org.in/scripts/PublicationsView.aspx?id=12725>

Peer Review Comments:

Applies to minerals and coal

2.2D.020.j2: Government s share in PSC

Score: A B C **(D)** E

Comments:

The Central Bank (Reserve Bank of India) does not publish information disaggregated to the level of revenues from the government's share of profit petroleum in a time series form. Rather, it includes it in the publication of data at a highly aggregated level, under the heading 'revenue receipts' or 'direct and indirect tax revenues' . These aggregates are obtained from the Receipts Budgets of the Ministry of Finance.

Please refer back to indicator 2.2A.020.j2 which provides further information on the publicaiton of this indicator by the Ministry of Finance.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.

TABLE 101: CENTRAL GOVERNMENT RECEIPTS - MAJOR COMPONENTS

Available at <http://dbie.rbi.org.in/OpenDocument/opendoc/openDocument.jsp>

Contains data for reporting year and one prior year (see comments).

Uploaded as attachment.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.

TABLE 116 : DIRECT AND INDIRECT TAX REVENUES OF CENTRAL AND STATE GOVERNMENTS

Available at <http://dbie.rbi.org.in/OpenDocument/opendoc/openDocument.jsp>

Contains data for reporting year and one prior year (see comments).

Uploaded as attachment.

3) Notes on Tables, Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.

Uploaded as attachment.

2.2D.020.j3: Royalties

Score: A B C **(D)** E

Comments:

The Central Bank (Reserve Bank of India) does not publish information disaggregated to the level of revenues from royalties in a time series form. Rather, it includes it in the publication of data at a highly aggregated level, under the heading 'revenue receipts' or 'direct and indirect tax revenues' . These aggregates are obtained from the Receipts Budgets of the Ministry of Finance.

Please refer back to indicator 2.2A.020.j3 which provides further information on the publication of this indicator by the Ministry of Finance.

References:**GOVERNMENT SOURCES:**

1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.

TABLE 101: CENTRAL GOVERNMENT RECEIPTS - MAJOR COMPONENTS

Available at <http://dbie.rbi.org.in/OpenDocument/opendoc/openDocument.jsp>

Contains data for reporting year and one prior year (see comments).

Uploaded as attachment.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.

TABLE 116 : DIRECT AND INDIRECT TAX REVENUES OF CENTRAL AND STATE GOVERNMENTS

Available at <http://dbie.rbi.org.in/OpenDocument/opendoc/openDocument.jsp>

Contains data for reporting year and one prior year (see comments).

Uploaded as attachment.

3) Notes on Tables, Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India.

Uploaded as attachment.

2.2D.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

Comments:

The Central Bank (Reserve Bank of India) publishes aggregate or consolidated information on special taxes, and does not disaggregate to the level of the hydrocarbons sector. The source above contain special tax receipts from the States, the Central (federal) government, and indirect taxes of the centre and state combined.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 116 : DIRECT AND INDIRECT TAX REVENUES OF CENTRAL AND STATE GOVERNMENTS
Uploaded as attachment.
Reporting year and at least one prior year.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 101: CENTRAL GOVERNMENT RECEIPTS - MAJOR COMPONENTS
Uploaded as attachment.
Reporting year and at least one prior year.

3) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 110 : PATTERN OF RECEIPTS OF THE STATE GOVERNMENTS
Uploaded as attachment.
Reporting year and at least one prior year.

4) Notes on Tables, Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
Uploaded as attachment.

Peer Review Comments:

Also to the level of the mineral and coal sectors

2.2D.020.j5: Dividends

Score: A B C **(D)** E

Comments:

The Central Bank publishes information on Dividends at a highly aggregated level. Thus, this indicator has been scored 'other' or 'E'.

References:**GOVERNMENT SOURCES:**

1) Annual Report 2009, Reserve Bank of India
APPENDIX TABLE 27 : MAJOR ITEMS OF RECEIPTS AND EXPENDITURES OF THE CENTRAL GOVERNMENT, item 4(ii) 'Dividends and Profits'
Available at <http://rbi.org.in/scripts/AnnualReportPublications.aspx?Id=940>
Uploaded as attachment

2) Annual Report 2008, Reserve Bank of India
APPENDIX TABLE 27 : MAJOR ITEMS OF RECEIPTS AND EXPENDITURES OF THE CENTRAL GOVERNMENT, item 4(ii) 'Dividends and Profits'
Available at <http://rbi.org.in/scripts/AnnualReportPublications.aspx?Id=850>
Uploaded as attachment

2.2D.020.j6: Bonuses

Score: A B C D **(E)**

References:**GOVERNMENT SOURCE:**

1) Notification of the New Exploration Licensing Policy, 1999, p.4, item (ix).
There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.

Peer Review Comments:

I assume that is also the case for minerals and coal

2.2D.020.j7: License fees

Score: A B C D E

Comments:

The Central Bank (Reserve Bank of India) publishes aggregate or consolidated information on revenue receipts, and does not disaggregate to the level of the hydrocarbons sector. The sources above contain revenues receipts from the States and the Central (or federal) governments.

Please refer to 2.2A.020.j7 and 2.2B.020.j7 for information on this indicator published by the Ministry of Finance, and Ministry of Petroleum and Natural Gas, respectively.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 101: CENTRAL GOVERNMENT RECEIPTS - MAJOR COMPONENTS
Uploaded as attachment.
Reporting year and at least one prior year.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 110 : PATTERN OF RECEIPTS OF THE STATE GOVERNMENTS
Uploaded as attachment.
Reporting year and at least one prior year.

3) Notes on Tables, Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
Uploaded as attachment.

Peer Review Comments:

Same for minerals and coal

2.2D.020.j8: Acreage fees

Score: A B C D E

Comments:

The Central Bank (Reserve Bank of India) publishes aggregate or consolidated information on revenue receipts, and does not disaggregate to the level of the hydrocarbons sector. The sources above contain revenue receipts from the States and the Central (or federal) governments.

Please refer to 2.2A.020.j8 and 2.2B.020.j8 for information on this indicator published by the Ministry of Finance, and Ministry of Petroleum and Natural Gas, respectively.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 101: CENTRAL GOVERNMENT RECEIPTS - MAJOR COMPONENTS
Uploaded as attachment.
Reporting year and at least one prior year.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 110 : PATTERN OF RECEIPTS OF THE STATE GOVERNMENTS
Uploaded as attachment.
Reporting year and at least one prior year.

3) Notes on Tables, Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
Uploaded as attachment.

Peer Review Comments:

' does not disaggregate to the level of the hydrocarbons sector' and the mineral and coal sector

2.2D.020.j9: Other (Explain in 'comments' box.)

Score: A B C D **E**

Comments:

This indicator has been scored ' other' as the Central Bank (Reserve Bank of India) publishes aggregate or consolidated information on revenue receipts, and does not disaggregate to the level of the hydrocarbons sector. The sources above contain revenues receipts from the States and the Central (or federal) governments.

Please refer to 2.2A.020.j9 and 2.2B.020.j9 for information on this indicator published by the Ministry of Finance, and Ministry of Petroleum and Natural Gas, respectively.

References:

GOVERNMENT SOURCES:

1) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 101: CENTRAL GOVERNMENT RECEIPTS - MAJOR COMPONENTS
Uploaded as attachment.
Reporting year and at least one prior year.

2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
TABLE 110 : PATTERN OF RECEIPTS OF THE STATE GOVERNMENTS
Uploaded as attachment.
Reporting year and at least one prior year.

3) Notes on Tables, Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
Uploaded as attachment.

2.2D Quality of reports

2.2D.021: Are periodical reports containing information on revenue generation published by the Central Bank understandable?

Score: A **B** C D E

Comments:

The primary sources of data published by the Central bank (Reserve Bank of India or RBI) are in its Annual Reports, Annual Handbook of Statistics on the Indian Economy, and Quarterly Reports on Macroeconomic and Monetary Developments. The Annual Report contains several chapters analysing aspects of the Indian economy, following by appendices with statistical times series tables. The Annual Handbook of Statistics on the Indian Economy consists of a downloadable online database of categorised tables. Whilst these tables come with footnotes, there is an accompanying document on Notes to Tables which are meant to supplement the tables. Finally, the Quarterly Reports on Macroeconomic and Monetary Developments contain several pages of discussion on the state of the Indian economy, with frequent references to the oil price, subsidies, and underrecoveries of state-owned companies, all with respect to the fiscal health of the economy.. Although this data is reasonably

comprehensive, it is limited in scope, in that it does not desegregate down to sectoral levels. Discussions on methodology need to be more detailed: this point is all the more important given that different Ministries publish the same types of statistics in different publication, but there is often inconsistency in reading between these publications. Further, due to the plethora of published data and information, it would take a lay person a while to get used to using the website interface, and to identify and locate a publication which contains the specific indicator that he or she is looking for.

References:

GOVERNMENT SOURCES:

- 1) Note to Tables on Handbook of Statistics on the Indian Economy, 2011
Available at <http://dbie.rbi.org.in/OpenDocument/.opendoc/openDocument.jsp>
Uploaded as attachment.
- 2) Annual Report 2011, Reserve Bank of India
Available at: <http://rbi.org.in/scripts/AnnualReportPublications.aspx?year=2011>
and http://rbiidocs.rbi.org.in/rdocs/AnnualReport/PDFs/ORBIAN250811_F.pdf
Uploaded as attachment.
- 3) Macroeconomic and Monetary Developments 2011, Reserve Bank of India, Quarterly Report.
Available at: <http://rbiidocs.rbi.org.in/rdocs/Publications/PDFs/FMDAP0412FUL.pdf>
Uploaded as attachment.

2.2D.022: How often are the periodical reports containing information on revenue generation published by the Central Bank?

Score: A B C D E

Comments:

There are reports published more frequently, which contain discussion and analysis of macroeconomic trends - but statistical tables (time series) are published with regularity at least once a year.

References:

GOVERNMENT SOURCES:

- 1) Annual Report, 2011, Reserve Bank of India
Available at: <http://rbi.org.in/scripts/AnnualReportMainDisplay.aspx>
Excerpt from Press Release:
"The Reserve Bank of India today released its Annual Report for 2010-11. This is a statutory Report of the Central Board of the Reserve Bank that covers (i) the assessment of the macroeconomic performance during 2010-11 and the prospects for 2011-12, and (ii) the working and operations of the Reserve Bank and its financial accounts. "
- 2) Handbook of Statistics on the Indian Economy, 2011, Reserve Bank of India
Available at <http://dbie.rbi.org.in/DBIE/dbie.rbi?site=home>
and <http://dbie.rbi.org.in/DBIE/dbie.rbi?site=statistics>
Excerpt: "The Reserve Bank of India (RBI) has rich traditions of publishing data on various aspects of the Indian Economy through several of its publications. Through this website (DBIE), data are mainly presented through time-series formatted reports. These reports have been organized under sectors and sub-sectors according to their periodicities. Reports can be saved as excel sheets for further analysis." This is an aggregation database.
- 3) Macroeconomic and Monetary Developments, 2011, Reserve Bank of India
Available at: <http://www.rbi.org.in/scripts/AnnualPublications.aspx?head=Macroeconomic%20and%20Monetary%20Developments>

2.2E.020 Does any other government agency or entity publish information on revenue generation?

2.2E.020.a: Reserves**Score:** (A) B C D E**Comments:**

This source contains data for coal, lignite, oil, gas and renewable energy.

References:

GOVERNMENT SOURCE:

1) Energy Statistics, 2012 ; Ministry of Statistics and Programme Implementation
p.3-5

Available at : http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201

Contains data for 2010.

Uploaded as attachment.

2) Energy Statistics, 2011 ; Ministry of Statistics and Programme Implementation

Available at : http://mospi.nic.in/Mospi_New/upload/energy_stat_2011_pdf/table_section_1_es10.pdf

Contains data for 2009.

Uploaded as attachment.

Uploaded as attachment.

Peer Review Comments:

For minerals Indian Bureau of Mines Mineral Statistics

www.ibm.nic.in/annual%20report%20201011_chapt8.pdf

2.2E.020.b: Production volumes**Score:** (A) B C D E**Comments:**

Data on coal production is published in the Mid Year Appraisal of the Eleventh Five Year Plan, by the Planning Commission (Government of India).

Table 15.1, p.304, shows total coal production.

Annex 15.1, p.339, shows coal production by company.

Available at : http://planningcommission.gov.in/plans/mta/11th_mta/chapterwise/chap15_energy.pdf

References:

GOVERNMENT SOURCES:

1) Energy Statistics 2012, Ministry of Statistics and Programme Implementation
p. 23-33.

Available at http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201

2) Energy Statistics 2011, Ministry of Statistics and Programme Implementation

Available at : http://mospi.nic.in/Mospi_New/upload/energy_stat_2011_pdf/table_section_3_es10.pdf

Peer Review Comments:

Does the planning commission have mineral production data?

2.2E.020.c: Information on prices**Score:** A B C D **(E)****Comments:**

Information on prices is published as a wholesale price index, rather than absolute prices.

References:

GOVERNMENT SOURCES:

1) Energy Statistics 2012, Ministry of Statistics and Programme Implementation p. 68-69.

Available at http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201

2) Energy Statistics 2011, Ministry of Statistics and Programme Implementation

Available at : http://mospi.nic.in/Mospi_New/upload/energy_stat_2011_pdf/table_section_8_es10.pdf

Peer Review Comments:

Ministry of Statistics have mineral and coal data

2.2E.020.d: Value of resource exports**Score:** A B C D **(E)****Comments:**

This information does not contain the value of resource exports, but does list the volume. The price data in the publication can be use to value the exports. This indicator has thus been scored as 'other'.

References:

GOVERNMENT SOURCES:

1) Energy Statistics 2012, Ministry of Statistics and Programme Implementation p.36.
Available at http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201
Attached.

2) Energy Statistics 2011, Ministry of Statistics and Programme Implementation

Available at : http://mospi.nic.in/Mospi_New/upload/energy_stat_2011_pdf/table_section_4_es10.pdf
Attached.

Peer Review Comments:

I assume it also applies to coal and minerals

2.2E.020.e: Estimates of investment in exploration and development**Score:** A B **(C)** D E**Comments:**

The Planning Commission is a government agency, similar to a Think Tank, which publishes white papers or consultative policy papers on various aspects relating to Indian economic reforms. It maintains an updated database of statistics.

The Department of Industrial Policy and Promotion publishes monthly data on new investments - including the number of new investments proposed in a month, the type of investment /sector, and the number of new investment proposed approved. This is an extremely useful tool for tracking foreign direct investment inflows, including into the petroleum and natural gas sector.

The Office of the Economic Advisor publishes information on key economic indicators, which includes sector-wise estimates of FDI inflows (in US\$ millions - source number 3 above).

Data on expenditure by company in coal mining and production in the country is published in the Mid Year Appraisal of the Eleventh Five Year Plan, by the Planning Commission (Government of India). Annex 15.3, p.341, shows the outlay or expenditure on coal mining and production, company-wise.. Available at: http://planningcommission.gov.in/plans/mta/11th_mta/chapterwise/chap15_energy.pdf

References:

GOVERNMENT SOURCES:

1) Planning Commission Databook,2012
FACT SHEET ON FOREIGN DIRECT INVESTMENT (FDI)
Table F: SECTORS ATTRACTING HIGHEST FDI EQUITY INFLOWS
Available at: http://planningcommission.gov.in/data/datatable/0904/tab_60.pdf
Uploaded as attachment.

2) Department of Industrial Policy and Promotion, SIA Statistics, February 2012
Available at:
http://dipp.gov.in/English/Publications/SIA_Statistics/2012/feb2012/index.htm
Previous issues available from:
http://dipp.gov.in/English/Publications/SIA_Statistics/SIA_Statistics.aspx

3) Key Economic Indicators, Office of the Economic Advisor, 2012, p.13,
TABLE NO. -17 SECTOR-WISE FDI INFLOWS
Available at: http://eaindustry.nic.in/Key_Economic_Indicators/Key_Economic_Indicators.pdf

2.2E.020.f: Production costs

Score: A B C D **E**

Comments:

The Mid Term Appraisal of the Eleventh Five Year Plan (2007-2012) provides an indication of whether targets are on track to being achieved, or whether revisions are required. In source number 1, above, the table provides estimates of expenditure made on exploration and production, and expenditure required to be made up to the period 2012. This once again is a high level indicator and thus this has been scored 'E' as the information is published, but not to an highly disaggregated level.

References:

GOVERNMENT SOURCES:

1) Mid Term Appraisal of the Eleventh Five Year Plan, 2009, Planning Commission, Government of India. Chapter 15: "Energy", p.331, table 15.19:"Eleventh Plan Outlay/Expenditure for Petroleum and Natural Gas Sector"
Uploaded as attachment.

No other government entity publishes this information directly. As noted in earlier categories of this Questionnaire, information on production costs is hard to find.

(Also refer to indicator 2.2B.020.f for information published by the Ministry of Petroleum and Natural Gas.)

2) Indian Petroleum and Natural Gas Statistics, 2010, Ministry of Petroleum and Natural Gas.p.107
Table X.1 Expenditure of Public Sector Undertakings of Ministry of Petroleum & Natural Gas

Available at: <http://petroleum.nic.in/pngstat.pdf>

2.2E.020.g: Names of companies operating in country

Score: A B C D **(E)**

Comments:

Data on coal companies operating in the country is published in the Mid Year Appraisal of the Eleventh Five Year Plan, by the Planning Commission (Government of India).

Annex 15.1, p.339, shows coal production by company.

Available at: http://planningcommission.gov.in/plans/mta/11th_mta/chapterwise/chap15_energy.pdf

This survey has been scored according to information available on the oil and gas sector; as there is no systematic listing of oil and gas companies other than the Directorate General of Hydrocarbons reports (already cited for previous indicators), this indicator has been scored as "E - other".

References:

The Press Information Bureau of India has a searchable archive of Press Releases. After each licensing round, the Bureau releases information on the names of the companies that bid. After the contracts are awarded and signed, the Bureau publishes information on the names of the winning companies. This archive can be accessed at: <http://pib.nic.in/newsite/AdvSearch.aspx>

A search for 'New Exploration Licensing Policy' or 'NELP' throws up results.

(Please also refer to indicator 2.2C.020.g for further information).

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons.

Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

Relevant pages:

Pages 17-25 provide a summary of the acreage blocks awarded under each round of licensing under the New Exploration Licensing Policy over the last 8 rounds, with details of the block name, company or consortium it was awarded to with their corresponding participating interests, date of signing the contract, and area of the block. It also provides a list of the blocks relinquished from that round. The data is as of 1 March 2011.

Pages 26-27 provide company-wise and basin-wise distribution of petroleum exploration license areas under operation as of 1 March 2011, along with information on which licensing round they were originally awarded under.

Pages 28-31 provide the percentage (proportionate) division of acreage amongst companies operating in India as of 1 March 2011.

Pages 34-45 provide a country map, followed by basin-wise maps of petroleum exploration license areas and mining leases areas showing the locations of exploration activities as of 1 March 2011.

Pages 46-63 contain the categorisation of areas under petroleum exploration licenses and mining leases for each company.

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Coal companies and I assume minerals companies as well

2.2E.020.h: Production data by company and/or block**Score:** A B C **(D)** E**Comments:**

For coal , the Mid Year Appraisal of the Eleventh Five Year Plan, published by the Planning Commission (Government of India) contains information on production by company. As noted previously, this indicator's score pertains to oil and gas.

Chapter 15, "Energy", Mid Year Appraisal of Eleventh Five Year Plan, 2009.

Page 339, Annex 15.1 "Company-wise Coal Production–MTA of the Eleventh Plan (Coal Sector)"

Available at http://planningcommission.gov.in/plans/mta/11th_mta/chapterwise/chap15_energy.pdf

References:

No other government agency or entity publishes information on this indicator. Please refer to indicator 2.2C.020.h for further information.

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.75, "COMPANY / BASIN WISE OIL & GAS PRODUCTION (01.04.2010 TO 31.03.2011)" Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at: <http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Planning commission on minerals

2.2E.020.i: Cost of subsidies or social investments paid by mineral revenue**Score:** A **(B)** C D E**Comments:**

The data published in the Planning Commission Databook includes petroleum product subsidies but do not clearly indicate how much of these is financed from within the revenues of the National Oil Companies, Oil Marketing Companies, and government's own receipts.

The Mid Term Appraisal, on the other hand, contains disaggregated information on the amount of under-recoveries of oil marketing companies, and on the value of oil bonds issued to them to compensate their losses from underpricing petroleum products and natural gas.

References:**GOVERNMENT SOURCES:**

1) Mid Term Appraisal of the Eleventh Five Year Plan, 2009, Planning Commission, Government of India Chapter 15: "Energy", p.333, table 15.20, "Under-Recoveries on Petroleum Products" Uploaded as attachment.

2) Planning Commission Databook, 2012

Available at: http://planningcommission.gov.in/data/datatable/0904/tab_22.pdf

Uploaded as attachment.

Peer Review Comments:

Planning Commission Databook Chapter on coal and minerals

2.2E.020.j Does any other government agency or entity publish information on disaggregated

revenue streams?

2.2E.020.j1: Production streams value

Score: A B C D **E**

Comments:

This indicator has been scored 'E' or 'Other'. The Planning Commission and Ministry of Statistics and Programme Implementation publish data on the volumes of production (in million tonnes) for petroleum, natural gas and coal. The Ministry of Statistics and Programme Implementation publishes wholesale price indices of these commodities (uploaded as an attachment and available at http://mospi.nic.in/Mospi_New/upload/energy_stat_2011_pdf/table_section_8_es10.pdf). These could be applied to production volumes to obtain values for production streams.

References:

GOVERNMENT SOURCES:

1) Energy Statistics 2012, Ministry of Statistics and Programme Implementation p. 23-33. Available at http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201 Uploaded as attachment.

2) Energy Statistics 2011, Ministry of Statistics and Programme Implementation Available at :http://mospi.nic.in/Mospi_New/upload/energy_stat_2011_pdf/table_section_3_es10.pdf Uploaded as attachment.

3) Planning Commission Databook, 2012, SELECT ECONOMIC AND SOCIAL INDICATORS - INDIA. Available at: http://planningcommission.nic.in/data/datatable/0904/tab_6.pdf Uploaded as attachment.

Peer Review Comments:

Ministry of Statistics data on minerals

2.2E.020.j2: Government s share in PSC

Score: **A** B C D E

Comments:

Please refer to indicators 2.2A.020.j2 and 2.2C.020.j2 for details of information published on this indicator by the Ministry of Finance and the Regulatory Agency.

References:

GOVERNMENT SOURCES:

1) Performance Audit of Hydrocarbon Production Sharing Contracts, August 2011, Comptroller and Auditor General of India, Chapter 2 "Fiscal and Contracting Regime for Hydrocarbon Production Sharing Contracts", p.11 Available at http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap2.pdf

2.2E.020.j3: Royalties

Score: **A** B C D E

Comments:

Please refer to indicators 2.2A.020.j3 and 2.2C.020.j3 for details of information published on this indicator by the Ministry of Finance and the Regulatory Agency.

NEW SOURCE ADDED:

Annual Report 2010-2011, Directorate General of Hydrocarbons
p. 7 (Contribution to Government Exchequer)
Available at <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

References:**GOVERNMENT SOURCES:**

- 1) Performance Audit of Hydrocarbon Production Sharing Contracts, August 2011, Comptroller and Auditor General of India, Chapter 2 "Fiscal and Contracting Regime for Hydrocarbon Production Sharing Contracts", p.11
Available at
http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/chap2.pdf
- 2) Annual Report 2010-2011, Directorate General of Hydrocarbons
p. 7 (Contribution to Government Exchequer)
Available at <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2.2E.020.j4: Special taxes (e.g. withholding taxes, excise taxes, excess earning taxes, charged on extractive companies)

Score: A B C **(D)** E

Comments:

The Planning Commission publishes data on special taxes and non tax revenues at a highly aggregated level. These do not however disaggregate to the level of the hydrocarbons sector.

References:**GOVERNMENT SOURCES:**

- 1) Planning Commission Databook, 2012
Central Government : Receipts & Expenditure with % of GDP
Available at: http://planningcommission.nic.in/data/datatable/0904/tab_10.pdf
Contains data for 2008-2010.

Peer Review Comments:

' to the level of the hydrocarbons sector' and the coal/mineral sector

2.2E.020.j5: Dividends

Score: A B C **(D)** E

References:

Please refer to indicators 2.2A.020.j5 and 2.2B.020.j5 for information published on these indicators by the Ministry of Finance and Ministry of Petroleum and Natural Gas.

2.2E.020.j6: Bonuses

Score: A B C D **(E)**

References:

GOVERNMENT SOURCE:

- 1) Notification of the New Exploration Licensing Policy, 1999, p.4, item (ix).
There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.
-

2.2E.020.j7: License fees

Score: A B C **(D)** E

References:

Please refer to 2.2A.020.j7 for information published by the Ministry of Finance on this indicator.

2.2E.020.j8: Acreage fees

Score: A B C **(D)** E

References:

Please refer to 2.2A.020.j8 for information published by the Ministry of Finance on this indicator.

2.2E.020.j9: Other (Explain in 'comments' box.)

Score: **(A)** B C D E

Comments:

The system of fiscal federalism in India permits Indian states to publish their Budgets and present them to State Legislatures (although states' own revenues do not cover their expenditure, and the residual powers lie primarily with the Federal government.) Royalties from onshore resources (hydrocarbons) flow to state governments under the terms of production sharing contracts for oil and natural gas. As of 2012, the State of Rajasthan was the only state where substantial quantities of oil had been found. Rajasthan has published state-specific data on its revenues, although oil revenues (less than 2% of GDP) are not clearly demarcated within its Budgets.

References:

GOVERNMENT SOURCES:

- 1) Budget Study of Rajasthan, 2011-12, p.12; 16; 18.
Contains data for 2010 and 2009.
Available at http://statistics.rajasthan.gov.in/Files/Upload/budget_study_11_12.pdf
Uploaded as attachment.

ACADEMIC SOURCES:

- 1) Segal, P. and Sen, A. (2011) Oil Revenues and Economic Development: The Case of Rajasthan, India", OIES Working Paper WPM 43, Available at http://statistics.rajasthan.gov.in/Files/Upload/budget_study_11_12.pdf
Uploaded as attachment.

Peer Review Comments:

Applies to minerals in State jurisdictions

2.2E Quality of reports

2.2E.021: Are periodical reports containing information on revenue generation published by any other government agency or entity understandable?

Score: A B C D E

Comments:

Three main 'other' government agencies or entities have been identified as publishing relevant information on the indicators in this category of the questionnaire. We review these below:

- 1) Planning Commission Databook, 2012, available at <http://planningcommission.gov.in/data/datatable/index.php?data=datatab>
This publication is updated very regularly, with data assimilated from various Ministries and Departments. Whilst the tables contain footnotes, these footnotes comprise the bare minimum (often just sources) and there is no information on the methodology of computation. However, researchers in India look to this data source as being relatively reliable.
- 2) SIA Statistics, 2012, Department of Industrial Policy and Promotion
These statistics, on the flow of investment into various sectors (including petroleum and natural gas) published monthly, contains a summary 'analysis' section to accompany the data, aimed towards a general audience.
- 3) The Ministry of Statistics and Programme Implementation's 'Energy Statistics', published annually, are fairly comprehensive as they contain a discussion and analysis of the data presented in tables.

References:

GOVERNMENT SOURCES

- 1) Planning Commission Databook, 2012, Planning Commission Government of India.
Available at <http://planningcommission.gov.in/data/datatable/index.php?data=datatab>
- 2) SIA Statistics, 2012, Department of Industrial Policy and Promotion
An Analysis of Monthly Data is available at:
http://dipp.gov.in/English/Publications/SIA_Statistics/2012/feb2012/index.htm
- 2) Energy Statistics 2012, Ministry of Statistics and Programme Implementation.
Available at http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201

Peer Review Comments:

Applies to the mineral sector

2.2E.022: How often are the periodical reports containing information on revenue generation published by the any other governmental agency or entity?

Score: A B C D E

Comments:

As seen in previous indicators in this category, the three main publications are published at varying intervals. The Planning Commission Databook is updated most frequently, and at least annually. The SIA Statistics are published every month in hard and soft copy, and the Energy Statistics published by the Ministry of Statistics and Programme implementation are published annually.

References:

GOVERNMENT SOURCES:

1) Planning Commission Databook, 2012, Planning Commission Government of India.
Available at <http://planningcommission.gov.in/data/datatable/index.php?data=datatab>

2) SIA Statistics, 2012, Department of Industrial Policy and Promotion
An Analysis of Monthly Data is available at:
http://dipp.gov.in/English/Publications/SIA_Statistics/2012/feb2012/index.htm

2) Energy Statistics 2012, Ministry of Statistics and Programme Implementation.
Available at http://mospi.nic.in/Mospi_New/upload/Energy_Statistics_2012_28mar.pdf?status=1&menu_id=201

2.2 Public sector balance

2.2.023: Does the government include the SOC financial balance (its assets and liabilities) within the public sector balance or overall balance of general government in reports to the legislature?

Score: A (B) C D E

References:

GOVERNMENT SOURCES:

1) Union and State Finances at a Glance, 2010-2011, Comptroller and Auditor General of India, p. 79 (Assets and Liabilities - Investments in Shares of Companies, Corporations etc)
Available at:
http://saiindia.gov.in/english/home/Our_Products/Accounts/Combined_Finance/2010_11/CFRA_at%20Glance_2010-11.swf
For detailed version see Volume 3, p.68-69, available at:
http://saiindia.gov.in/english/home/Our_Products/Accounts/Combined_Finance/2010_11/CFRA-VOL_3.pdf

2) Receipts Budget 2012-2013, Union Budget, 2012-2013
Available at: <http://indiabudget.nic.in/ub2012-13/rec/cr.pdf>
Uploaded as attachment.

3) Notes on Demands for Grants, 2012-2013, Ministry of Petroleum, Union Budget 2012-2013
See items A (1,2 & 5) and B.
Available at: <http://indiabudget.nic.in/ub2012-13/eb/sbe73.pdf>
Uploaded as attachment.

Peer Review Comments:

Applies to coal and minerals

2.2.024: Does the government include projections of transactions, accounts of actual spending by the natural resource funds, and their assets and liabilities, within the public sector balance or overall balance of general government in reports to the legislature?

Score: A B C D (E)

Comments:

As of April 2012, India did not have a Natural Resource Fund.

References:

MEDIA REPORTS

(a) 'India May Soon Join Sovereign Wealth Club: Fund to Fuel Natural Resource Acquisitions Overseas', Economic Times, 8 September 2011.

http://articles.economictimes.indiatimes.com/2011-09-08/news/30130580_1_sovereign-wealth-sovereign-fund-natural-resources

ACADEMIC SOURCES

(a) Segal, P. and Sen, A (2011) 'Oil Revenues and Economic Development: The Case of Rajasthan, India" Oxford Institute for Energy Studies Working Paper WPM43, Available at <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

2.2.025: Does the government provide information on the non resource fiscal balance in its budget proposal?

Score: A B C

References:

GOVERNMENT SOURCES:

1) The Macroeconomic Policy Statement, Union Budget 2012-2013, p. 6
Available at <http://indiabudget.nic.in/ub2012-13/frbm/frbm1.pdf>
Uploaded as attachment.

2) Receipt Budget (Tax Revenues), Union Budget 2012-2013
Available at <http://indiabudget.nic.in/ub2012-13/rec/tr.pdf>
Receipt Budget (Non Tax Revenues), Union Budget 2012-2013
Available at <http://indiabudget.nic.in/ub2012-13/rec/ntr.pdf>
Uploaded as attachments.


3) Analysis of Tax and Non Tax Revenues, Union Budget 2012-2013
Available at <http://indiabudget.nic.in/ub2012-13/rec/annex2.pdf>

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India - RWI Index Questionnaire

Legal Framework and Practices

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Indicator	Score
2.3 Legal Framework and Practices	62 

2.3 Legal Framework and Practices

2.3.026: In the legal framework, what government agencies have authority to collect taxes and payments from resource companies?

Score: A B C D E

References:

The legislation sets out whether revenues are to be paid either to the State Government in question or to the Central (Federal) Government, depending on the type of revenue (the Indian Constitution divides fiscal collections between the Centre and the States). However, it does not set out which agency specifically collects the revenues. These responsibilities are however demarcated according to the agency that has control over the type of revenue in question.

The relevant legislation is The Petroleum and Natural Gas Rules of 1959, Available at: <http://www.dghindia.org/pdf/pngrules.pdf>

Also relevant is The Petroleum and Natural Gas (Amendment) Rules, 2003 Available at http://www.dghindia.org/pdf/PNG_AMENDMENT_RULES_2003.pdf Both uploaded as attachments.

Non tax revenues (royalty, profit petroleum) are generally paid to the Ministry of Petroleum and Natural Gas.

In particular, at the Federal level, profit petroleum is paid to Pay & Accounts officer or its successor, Ministry of Petroleum & Natural Gas, Government of India, Shastri Bhavan, New Delhi. (see Model Production Sharing Contract 2010, p. 42. Available at: <http://petroleum.nic.in/nelp93.pdf>)

Royalties for offshore resources are coordinated by the Directorate General of Hydrocarbons (see 'DGH's Activities - Commercial Monitoring. Available at <http://www.dghindia.org/OtherActivites.aspx?tab=0>) and are thus paid to the Ministry of Petroleum.

Royalties for onshore resources are however paid to the state governments. As an illustration, the State of Rajasthan (which is oil-rich), requires that royalties are paid to the Directorate of Petroleum (see 'Functions and Responsibilities of the Directorate of Petroleum at http://petroleum.rajasthan.gov.in/intro_func_res.asp)

In summary, collection of payments from resource companies is divided by type of income.

2.3.027: Are all resource related revenues, including those collected by state owned companies, regulatory agencies, ministries, special funds or by the tax authority placed in the national

treasury?**Score:** A (B) C D E**Comments:**

This indicator has been scored B due to the system of fiscal federalism in India. Under this, some resource revenues flow to state governments, and some to the centre (federal government). The revenues from offshore royalty, central sales tax, and education cess flow to the centre, whereas the revenues from onshore royalty and sales tax (VAT), plus land related taxes flow to the state governments. State governments are able to use their own revenues to finance only a portion of their expenditure, so the rest flows from the national treasury via the National Budget. States' resource revenues therefore go into their Budgets, whereas the centre's revenues go into the National (Federal) Budget. Government Source 1 above, explains the parts of the National Treasury, and how they are comprised.

Excerpt, p.10: "The receipts and disbursements are shown under the three parts, in which Government Accounts are kept viz.,(i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account. Under the Constitution, Annual Financial Statement distinguishes expenditure on revenue account from other expenditure.....The existence of the Consolidated Fund of India (CFI) flows from Article 266 of the Constitution. All revenues received by Government, loans raised by it, and also its receipts from recoveries of loans granted by it form the Consolidated Fund. All expenditure of Government is incurred from the Consolidated Fund of India and no amount can be drawn from the Consolidated Fund without authorisation from Parliament."

Whilst State Budgets are presented to the state legislative assemblies, the National Budget is presented to the Parliament.

In summary, the system of fiscal decentralisation somewhat complicated the clarity of which revenues flow where. However, at least in theory, all revenue receipts have to be presented before and approved by the legislature, either at the Centre or in the states.

References:**GOVERNMENT SOURCES:**

1) Key to Budget Documents, Union Budget 2012-2013
Available at: <http://indiabudget.nic.in/ub2012-13/keybud/keybud2012.pdf>
Uploaded as attachment.

ACADEMIC SOURCES:

2) Segal, P. and Sen, A. (2011) Oil Revenues and Economic Development: The Case of Rajasthan, India, OIES Working Paper WPM43, p.7-8 (Fiscal arrangements between the Federal and State Governments)
Available at <http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/08/WPM-43.pdf>

2.3.028: Are government officials with a role in the oversight of the oil, gas or mining sector required to disclose information about their financial interest in any extractive activity or projects?**Score:** (A) B C**Comments:**

This indicator has been scored 'other' as a law exists, but it does not exclusively apply to disclosures in extractive projects, and is more general in applicability. It does require government officials to disclose shareholdings.

References:

1) The Central Civil Services (Conduct) Rules, 1964
Rule no.18.

Available at : http://www.referencer.in/CS_Regulations/CCS%28Conduct%29Rules1964/Rule_18.aspx

2) 'Misra, N. and Sen, N. (2011) A Case for Sunlight Laws in India, Business Standard, 18 March 2011 Available online at <http://www.business-standard.com/india/news/nripendra-misranidhi-sencase-for-sunlight-laws-in-india/428897/>

Also Available at: http://publicinterestfoundation.com/index.php?option=com_content&view=article&id=135:disclosure-of-assets-by-public-officials-a-case-for-sunlight-laws-&catid=42:pif-editorials&Itemid=72

2.3.029: Is there independent external validation of internal controls of agencies in charge of receiving payments from resource companies with the objective of providing assurances of integrity of public funds and sound financial management?

Score: (A) B C D E

Comments:

The Comptroller and Auditor General of India, the supreme national audit institution of the country, has the constitutional authority to conduct audits into the operations and performance of specific ministries, in addition to its duties with respect to certification of regular (annual) accounts. A recent audit of the Ministry of Petroleum and Natural Gas was carried out in 2011, which was published online, which disclosed several inconsistencies in the manner in which hydrocarbon production sharing contracts in oil and gas had been administered over the years. However, the recommendations for change put forth by the Comptroller can only be made through Parliamentary Approvals. Therefore, whilst the role of oversight and transparency of the Comptroller and Auditor General is paramount, its ability to effect change is limited.

References:

GOVERNMENT SOURCES:

1) Performance Audit of Hydrocarbon Production Sharing Contracts (Ministry of Petroleum and Natural Gas) , Comptroller and Auditor General of India, 2011

Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/Report_19.html

2) Brief Description of the Controller of Accounts Organisation, Ministry of Petroleum and Natural Gas (undated)

Available at: <http://petroleum.nic.in/briefdesc.pdf>

Uploaded as attachment.

3) Certificate of the Comptroller and Auditor General of India, Union Government Finance Accounts 2010-2011

Available at http://www.cga.nic.in/f_accounts/f_accounts1011/finance_accounts1011.htm

Uploaded as attachment.

MEDIA REPORTS:

1) Iyer, R.R. (2011) CAG: six answers to clear doubts and misperceptions, The Hindu, 22 November 2011

Available at:

<http://www.thehindu.com/opinion/op-ed/article2647710.ece>

2) Iyer, R.> (2011) Getting to know the abc of CAG, The Hindu, 25 October 2011

Available at: <http://www.thehindu.com/opinion/lead/article2568360.ece>

Peer Review Comments:

I assume this also applies to minerals/ coal ministries

2.3.030: Does the national audit office (or similar independent organization) report regularly to the legislature on its findings, including an objective analysis of agencies in charge of managing resource revenues, and are these reports published?

Score: A B **C** D E

Comments:

In response to this indicator/question, there are two channels of oversight.

The first channel relates to the overall budgetary process, which is carried out on an annual basis. The upstream regulator, as discussed earlier, is not 'independent' but rather a satellite of the Ministry of Petroleum and Natural Gas. The Ministry thus has its own accounting procedure which is detailed in source no. 2 above, which is overseen by the Controller General of Accounts, a national body established by Constitutional law that oversees all accounting operations. The consolidated budgets are then examined by the National Auditor, also Constitutionally established, the Comptroller and Auditor General of India (see source no. 3 above) which officially certifies the validity of the Budget/Accounts. These are laid before Parliament as part of the Budgetary process each year, and Parliament must vote to approve the Budget.

The second channel relates to sector-specific audits carried out by the Comptroller and Auditor General of India, often upon the requests of the Government of India. These are generally ad hoc and irregular in nature but their findings have proved to be controversial in many instances. An Audit of Hydrocarbon Production Sharing Contracts was carried out in 2011 by the Comptroller, which involved a comprehensive review of the operational procedures and decision making not just of the Ministry of Petroleum but also the Directorate General of Hydrocarbons. Although this was an ad hoc exercise, the report has been published and is publicly available to read (source no.1, above)

References:

GOVERNMENT SOURCES:

1) Performance Audit of Hydrocarbon Production Sharing Contracts (Ministry of Petroleum and Natural Gas) , Comptroller and Auditor General of India, 2011

Available at:

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/Report_19.html

2) Brief Description of the Controller of Accounts Organisation, Ministry of Petroleum and Natural Gas (undated)

Available at: <http://petroleum.nic.in/briefdesc.pdf>

Uploaded as attachment.

3) Certificate of the Comptroller and Auditor General of India, Union Government Finance Accounts 2010-2011

Available at http://www.cga.nic.in/f_accounts/f_accounts1011/finance_accounts1011.htm

Uploaded as attachment.

The Full Accounts can be viewed at:

http://www.cga.nic.in/f_accounts/f_accounts1011/finance_accounts1011.htm

Peer Review Comments:

Score C would be more accurate. Although the Audit on PSC's was published, this was an ad hoc report and not a periodical exercise.

Recent media reports on CAG investigations on coal scams and state mineral issues for example

http://www.ndtv.com/article/list/india/&rct=j&sa=X&ei=elG0T6DdM4SZiQeq9emKAw&ved=0CFkQ6QUoADAA&q=CAG+Mining+India+audits&usg=AFQjCNEct_prDKx9GQuk8ddvD_x-CiiUGw

2.3.031: Does a Parliamentary committee scrutinize reports on resource related revenues and, if

so, when does this occur?**Score:** A B C D E**Comments:**

The Public Accounts Committee is the parliamentary body with the authority to scrutinise and debate such reports. However, most of the evidence found shows a bit of delay in dealing with matters.

References:

GOVERNMENT SOURCES:

1) Public Accounts Committee, Information Leaflet 2004, Parliament of India
Available at: <http://parliamentofindia.nic.in/ls/intro/11.pdf>
Uploaded as attachment.

2) Committee on Public Accounts, Parliament of India (undated)
Available at: http://164.100.47.132/LssNew/abstract/committee_on_public_accounts.htm

MEDIA REPORTS:

1) Shankaran, S., Mehra, P. and Shukla, G. (2011) Sleeping on the job: CAG report indicts civil aviation and hydrocarbons sectors, Business Today, 16 October 2011
Available at: <http://businesstoday.intoday.in/story/cag-report-indicts-civil-aviation-and-hydrocarbons-sectors/1/18990.html>

ACADEMIC SOURCES:

1) Malhotra G.C. (2000) "Ensuring Executive Accountability : India's Public Accounts Committee", The Parliamentarian April 2000, pp 179-186

2) Agnihotri (2011) THE ROLE OF COMMITTEES IN PARLIAMENTARY OVERSIGHT OF THE EXECUTIVE, Paper Presented at the Interparliamentary Union, Association of Secretaries General of Parliaments, Panama.
Uploaded as attachment.

2.3.032: Is this country an EITI candidate or compliant country?**Score:** A B C D E**References:**

MEDIA REPORTS

1) "Extractive Industries Transparency Initiative may help curb illegal mining; India reluctant to sign up", Economic Times, February 14, 2012
Available at http://articles.economictimes.indiatimes.com/2012-02-14/news/31059449_1_sashi-mukundan-mining-bp


INTERNATIONAL ORGANISATION STUDIES:

1) EXTRACTING DATA: An overview of EITI Reports published 2005 – 2011
p.3, list of signatory countries (note: does not include India)
Available at http://eiti.org/files/2012-02-10_Extracting_Data_0.pdf
Uploaded as attachment.

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Indicator	Score
3.1.1	Context 56 
3.1.1	Context

3.1.1.033: Is there a state-owned company? If so, what is its role in the extractive sector?

Score: A B C D E

Comments:

The Oil and Natural Gas Corporation (ONGC) is India's largest National Oil Company. Unlike other countries where NOCs were created through nationalisation of private companies, the ONGC was set up by the Government of India as a Directorate, which then became a Commission, and finally, a Corporation in 1994. Until 1997, ONGC has preferential status in the award of blocks for exploration. After 1997, and the launch of the New Exploration Licensing Policy, public and private sector companies were meant to compete on a level playing field for blocks in licensing rounds. In practice though, there has been a perception amongst private companies and ONGC has implicitly retained its favoured status, although this is not entirely true.

In Coal, the main State Owned Company is Coal India Limited, which dominates production and distribution.

In minerals, the state owned companies are:

National Aluminium Company Limited
Hindustan Copper Limited
Mineral Exploration Corporation Limited
NMDC Limited

However, none of these plays as dominating a role to the extent of ONGC or Coal India Limited for the hydrocarbons and coal sectors.

References:

1) Madan, T. (2007) India's ONGC: Balancing Different Roles, Different Goals, The James A Baker Institute for Public Policy Research, Rice University, p. 21

p.19 - 'The Corporate Life'

Excerpt: " From 1993 to 1997, in an effort to raise domestic production, the Indian government awarded 28 blocks to private companies or join public-private ventures for exploration. In 1997, as India's dependence on imported oil continued to grow, the government introduced the New Exploration Licensing Policy (NELP) to encourage private sector participation which had stayed low because of what remained a poor investment climate. In addition, to improve ONGC's performance, the government granted the company 'navratna' status, designed with nine public sector undertakings (PSUs) with a relatively good track record on profits and productivity.... With this designation, elite PSUs gained increased financial and operational autonomy, especially in their ability to form joint ventures, strategic alliances and subsidiaries; in the amount of capital expenditure they could incur; in ensuring better auditing mechanisms; and in the composition of their board of directors."

p.22. Excerpt: " There is a perception among private players that state-owned companies, especially ONGC, still get preferential treatment and more and better acreage..... on the other hand the Indian government did not offer some of the concessions and terms that it gave private participants...."

Paper Uploaded as attachment.

MEDIA REPORTS

1) Mahurkar, D. (2011) 'Changing Context of Oil Exploration', Financial Express, 6 April 2011
Available at <http://www.financialexpress.com/news/changing-context-of-oil-exploration/772087/>
Article uploaded as attachment..

Peer Review Comments:

ONGC (and Coal India) is dominant in the EI sector and that is why the reviewer has concentrated on the oil/gas sector with little mention of the mineral sector

Oil/ Gas Sector

The Indian oil & gas industry constitutes around 15% of India's GDP
<http://www.indianmirror.com/indian-industries/oil.html>

Mining Sector (includes coal)

The GDP contribution of the mining industry varies from 2.2% to 2.5% only but going by the GDP of the total industrial sector it contributes around 10% to 11%. Even mining done on small scale contributes 6% to the entire cost of mineral production. Indian Mining Industry provides job opportunities to around 0.7 million individuals.

<http://www.indianmirror.com/indian-industries/mining.html>

3.1.1.034: How is government ownership of resource companies structured in this country?

Score: A **(B)** C D E

Comments:

The government owns a majority (controlling) share in the Company; the remaining shareholding is distributed between other state owned companies, the public, and private institutions. This is a common structure for state owned companies in India.

Similar arrangements exist in the coal sector, where Coal India Limited is the main state owned company.

UPDATED COMMENT

I have looked at the shareholding patterns for the mineral companies mentioned below. The government owns a majority stake in all of them, however, this stake appears to be greater than the government share of ownership in hydrocarbons (oil and gas) companies - ONGC and IOCL. I think the score on the RWI would hold nevertheless, as technically, mineral companies are incorporated as separate companies and not as extensions of the government even though in practice they might well function as the latter.

Hindustan Copper Limited - Shareholding Pattern

Central Govt/State Govt: 99.59%

Public Shareholding Institutions (Banks/Financial Institutions, Mutual Funds, Insurance Companies): 0.04%

Uploaded as attachment.

Source: <http://www.hindustancopper.com/Shareholding.asp?lnk=6&plnk=1>

Mineral Exploration Corporation Limited - Shareholding Pattern

Government of India - 100%

Source: <http://www.mecl.gov.in/CompanyProfile.aspx>

NMDC Limited - Shareholding Pattern

Central Govt/ State Govts: 90%

Public Shareholding Institutions: 10%

Uploaded as attachment.

Source: Downloaded from <http://nmhc.co.in/Shareholders/Default.aspx>

National Aluminium Company Limited - Shareholding

Government of India - 87.15%

Others - 12.85%

Source: <http://mines.nic.in/index.aspx?lid=127&level=1&chk=24dfe45y5edf5e3>

References:

ACADEMIC SOURCES:

1) Madan, T. (2007) India's ONGC: Balancing Different Roles, Different Goals, The James A Baker Institute for Public Policy Research, Rice University, p. 21

Excerpt: " The government now owns 74.11 percent of the company. Foreign institutional investors now own 8.3 percent while individual investors hold less than 2 percent. In addition, in a pattern of cross holding that is mirrored across the spectrum of state owned companies, fellow PSUs IOCL and GAIL own 7.69 percent and 2.4 percent of ONGC respectively. IOCL's share is a reduced one - it owned a little less than two percent of its holding in ONGC in the recent past. There have been reports that GAIL is also considering selling some part of its stake to finance its planned expenditure for the next four years."

Paper uploaded as attachment.

2) Jain, A. and Sen, A. (2011) Natural Gas in India: An Analysis of Policy, OIES Working Paper WPM 43, p.8-12 (Political Economic and the Development of the Hydrocarbons Sector).

Available at: http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/05/NG_50.pdf

Uploaded as attachment.

GOVERNMENT SOURCES:

1) ONGC Financial Results, Shareholding Distribution as on Quarter Ending December 31, 2011.

Available at http://www.ongcindia.com/financial_31_dec_11.asp

Peer Review Comments:

Mention should be made of the state owned mineral sector companies

National Aluminium Company Limited

Hindustan Copper Limited

Mineral Exploration Corporation Limited

NMDC Limited

3.1.1.035: Is there more than one state-owned company (SOC) operating in the extractive sector?

Score: A B C

Comments:

There are four state owned enterprises operating in the hydrocarbons exploration and production sector. Oil and Natural Gas Corporation (ONGC) is India's largest upstream exploration company. It was formed by the Government of India, initially as a Commission, in 1953. It eventually was granted the full status of a corporation in 1994.

Oil India Limited was formed in the 1980s through the nationalisation of two private oil companies. It is generally considered to be India's second National Oil Company.

Additionally, the Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) although primarily refining companies, engage in exploration of oil and gas, albeit on a relatively smaller scale.

In the Coal Sector, there is one main state owned company - Coal India Limited. In the Minerals sector, there are several state owned mining companies; however, none of these is considered as the 'primary' company which directs most operations. It must be noted that in the minerals sector, Indian states also

have their own state-level mining companies.

References:

ACADEMIC SOURCES:

- 1) Madan, T. (2007) India's ONGC: Balancing Different Roles, Different Goals, The James A Baker Institute for Public Policy Research, Rice University
Paper uploaded as attachment.
- 2) Jain, A. and Sen, A. (2011) Natural Gas in India: An Analysis of Policy, OIES Working Paper WPM 43, p.8-12 (Political Economic and the Development of the Hydrocarbons Sector).
Available at: http://www.oxfordenergy.org/wpcms/wp-content/uploads/2011/05/NG_50.pdf
Uploaded as attachment.
- 3) Corbeau, A,S, (2010) Natural Gas in India, International Energy Agency, Paris, p.8-9 (Industry Structure)
Available at: <http://www.oecd-ilibrary.org/docserver/download/fulltext/5km7krn1zb0w.pdf?expires=1335391151&id=id&accname=guest&checksum=68ECCE14E16DD6AAE9BC61F042958B31>
Uploaded as attachment.

3.1.1.036: Do the roles and responsibilities of the SOC include provision of subsidies or social expenditures (quasi-fiscal activities)?

Score: A B C

References:

ACADEMIC SOURCES:

- 1) Madan, T. (2007) India's ONGC: Balancing Different Roles, Different Goals, The James A Baker Institute for Public Policy Research, Rice University, p.68-69 (Pricing and Subsidies)
Paper uploaded as attachment.
- 2) Corbeau, A,S, (2010) Natural Gas in India, International Energy Agency, Paris.
p.19 (Pricing).
Excerpt: "The pricing issue is not limited to gas: diesel, gasoline, kerosene, and LPG prices are kept low in India in order to insulate consumers from high international oil prices. On 25 June 2010, the EGoM decided to let oil marketing companies set the price of some oil products. Previously, retail prices were determined by the government and oil marketing companies were forced to sell petrol and diesel below market prices. The government used to partly reimburse the state-owned oil marketing companies for under-recoveries. Significant under recoveries have been seen since 2005, reaching close to USD 30 billion in 2008/09 (IEA, 2010a). Since 2005, the government has increasingly issued billions of Indian rupees to these companies to counteract the under-recoveries. This has been made via "oil-bonds" which amounted to USD 20 billion in 2008/09. This has a significant fiscal impact which is only becoming worse: the deficit in nominal terms more than doubled from 5.7% of GDP in 2007/08 to 11.4% in 2008/09. There is therefore a need to move towards market-based petroleum pricing reform while protecting vulnerable customers. Petrol prices recently increased, while diesel prices will be deregulated. LPG and kerosene have been and will continue to be subsidised for domestic users. Regarding gas, ONGC estimated losses on 2008/09 gas sales to over USD 1 billion due to the low sale prices to fertilisers and power producers compared to the increased costs of gas production."

GOVERNMENT SOURCES:

- 1) ONGC Corporate Presentation, February 2012,
p. 29 (Under-recoveries)
p.33 (Subsidy Discount)
Available at http://www.ongcindia.com/download/Corporate%20Presentation_Feb%202012.pdf
Uploaded as attachment.
Available at: <http://www.oecd-ilibrary.org/docserver/download/fulltext/5km7krn1zb0w.pdf?expires=1335391151&id=id&accname=guest&checksum=68ECCE14E16DD6AAE9BC61F042958B31>
Uploaded as attachment.

2) ONGC Financial Highlights, Q3, 2011

p.14-15 - Impact of Underrecoveries

Available at

http://www.ongcindia.com/Financial_Highlights/ONGC%20Q3FY12_Result_ONGC_OVL_MRPL.pdf

Uploaded as attachment.






Peer Review Comments:

Applies to Coal India and other SOC mineral companies as well as those in the States

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Indicator		Score	
3.2.1	Comprehensive reports	100	
3.2.2.038	Does the SOC publish information on revenue generation?	70	
3.2.3.038.j	Disaggregated Revenue Streams	100	
3.2.4	Quality of reports	75	
3.2.5.043	Audited reports	100	

3.2.1 Comprehensive reports

3.2.1.037: Does the SOC publish comprehensive reports with information about its operations and subsidiaries?

Score: A B C D E

Comments:

These files exceeded the maximum permissible attachment size but this researcher is happy to email them to the project manager if needed.

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

1) Oil and Natural Gas Corporation, Annual Report, 2010-2011
Available at: [http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf](http://www ONGC India.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf)

2) Oil and Natural Gas Corporation, Annual Report, 2009-2010
http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

Peer Review Comments:

Also the SOC mineral sector companies and State owned

3.2.2.038 Does the SOC publish information on revenue generation?

3.2.2.038.a: Reserves

Score: A B C D E

Comments:

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

1) ONGC Coporate Presentation, February 2012

(Contains data for 2011)

Available at http://www.ongcindia.com/download/Corporate%20Presentation_Feb%202012.pdf

Uploaded as attachment.

2) ONGC Investor Presentation, February 2011,p. 16

(Contains data for 2010)

Available at

http://www.ongcindia.com/Download/Inv_Pres_Feb2010onwards/Corporate_Presentation_feb2011.pdf

Uploaded as attachment.

2) ONGC Investor Presentation, February 2010, p.14

(Contains data for 2009)

Available at http://www.ongcindia.com/download/Investor_Presentation_Feb_2010.pdf

Uploaded at attachment.

Peer Review Comments:

SOC mineral companies for example Hindustan Copper Annual Report

www.hindustancopper.gov.in/pdfs/ar0506en.pdf

3.2.2.038.b: Production volumes

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.4

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf

Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.4

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf

Uploaded as attachment.

Peer Review Comments:

Coal India and SOC mining companies and State owned ones for example the Rajasthan State Mines and Minerals Limited

www.rsmm.com/

3.2.2.038.c: Information on prices

Score: (A) B C D E

Comments:

Note: Financial Highlights for 2011 have also been published.

In the Coal Sector, Coal India Limited published information on pricing at

http://www.coalindia.in/Documents/Revised_2nd_Ver_Coal_Price_for_uploading_310112.pdf

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.14
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf
Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.14
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf
Uploaded as attachment.

Peer Review Comments:

Include the mineral sector

3.2.2.038.d: Value of resource exports

Score: A B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Corporate Presentation, 2012, p.7
Contains data for 2011, 2010 and 2009.
Uploaded as attachment.
Available at http://www.ongcindia.com/download/Corporate%20Presentation_Feb%202012.pdf

2) Previous years can be obtained from http://www.ongcindia.com/investor_cell_events.asp

Peer Review Comments:

Coal and mineral sector SOC

3.2.2.038.e: Estimates of investment in exploration and development

Score: A B C D E

Comments:

The SOC publishes as part of its financials, estimates of capital employed and working capital from its operations, including in exploration and development.
However, time series data on investments would have to be derived and compiled.

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report, 2010-2011, p. 136; p. 22, p.92
Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report, 2009-2010, p 188, p.195, p.18; p.33
Available at: http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

Peer Review Comments:

Coal India and SOC mining companies should have this information

3.2.2.038.f: Production costs

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.6, 10-12
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf
Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.6, 10-12
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf
Uploaded as attachment.

3) ONGC Investor Presentation, 2010,p.23 (Capex, 2005-2010)
Available at http://www.ongcindia.com/download/Investor_Presentation_Feb_2010.pdf

Peer Review Comments:

Coal India and the SOC mining companies should also have this information

3.2.2.038.g: Names of companies operating in country

Score: A B C (D) E

References:

The SOC does not publish this information - it is published by the Upstream Regulator. for more details please refer back to 2.2C.020.h.

GOVERNMENT SOURCES:

1) Hydrocarbon Exploration and Production Activities in India, 2010-2011, Directorate General of Hydrocarbons, p.75, "COMPANY / BASIN WISE OIL & GAS PRODUCTION (01.04.2010 TO 31.03.2011)"
Available at: <http://www.dghindia.org/pdf/DGH-Annual%20Activity%20Report-2010-11.pdf>

2) Previous years as well as the current year (2009,2008,2007,2006,2005) are available at:
<http://www.dghindia.org/Publication.aspx>

Peer Review Comments:

Is this the case for SOC coal and minerals

3.2.2.038.h: Production data by company and/or block

Score: A B C (D) E

Comments:

The SOC publishes cumulative data on its own production (as well as production from its overseas subsidiary from joint ventures in overseas countries) and not on production from other companies. it does not publish data on its own production with detailed breakdown, the most disaggregated data found was by offshore and onshore.

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report, 2010-2011, p.81, p.170
(data for 2007,2008,2009 and 2010)
Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report, 2009-2010. p.32-33

Available at: http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

Peer Review Comments:

Annual Reports of Coal India and SOC mineral companies

3.2.2.038.i: Quasi fiscal activities

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.13

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf

Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.13

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf

Uploaded as attachment.

3) ONGC Investor Presentation, 2012, p.29-30 (Underrecoveries)

Available at http://www.ongcindia.com/download/Corporate%20Presentation_Feb%202012.pdf

Uploaded as attachment.

Peer Review Comments:

Similar situation with the SOC coal and mineral companies

3.2.3.038.j Disaggregated Revenue Streams

3.2.3.038.j1: Production streams value

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.5 (Sales)

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf

Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.5 (Sales)

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf

Uploaded as attachment.

Peer Review Comments:

Again for the coal and minerals SOC

3.2.3.038.j2: Government s share in PSC

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.8 (Profit Petroleum)
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf
Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.8 (Profit Petroleum)
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf
Uploaded as attachment.

3.2.3.038.j3: Royalties

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.10-11
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf
Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.10-11
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf
Uploaded as attachment.

Peer Review Comments:

In a state of flux in regard to mineral and coal SOC

http://articles.economictimes.indiatimes.com/2011-10-03/news/30238285_1_mining-bill-captive-mining-cent-profit-sharing

3.2.3.038.j4: Special taxes

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.10
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf
Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.10
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf
Uploaded as attachment.

Peer Review Comments:

I assume this information can be obtained from the mineral and coal SOC Annual Reports

3.2.3.038.j5: Dividends

Score: (A) B C D E

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.9
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf
Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.9
Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf
Uploaded as attachment.

Peer Review Comments:

Similar situation in regard to coal and mineral SOC

3.2.3.038.j6: Bonuses

Score: A B C D (E)

References:

GOVERNMENT SOURCE:

1) Notification of the New Exploration Licensing Policy, 1999, p.4, item (ix).
There are no bonuses paid under the fiscal regime for hydrocarbons exploration.
There have been no bonuses under previous systems either.

Peer Review Comments:

I guess no bonuses for coal and minerals

3.2.3.038.j7: License fees

Score: A B C D (E)

Comments:

The SOC publishes a detailed breakdown of its expenditures (sources 1 and 2 above). Although it does not specify the difference between license and acreage fees, it publishes information on a cumulative figure under 'rent'.

References:

1) ONGC Annual Report, 2010-2011, p.166
Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report, 2009-2010, p.163
http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf
Available at:

Peer Review Comments:

Does this apply to the mineral and coal SOC

3.2.3.038.j8: Acreage fees

Score: A B C D **E**

Comments:

The SOC publishes a detailed breakdown of its expenditures (sources 1 and 2 above). Although it does not specify the difference between license and acreage fees, it publishes information on a cumulative figure under 'rent'.

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report, 2010-2011, p.166

Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report, 2009-2010, p.163

http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

Available at:

Peer Review Comments:

As previously

3.2.3.038.j9: Other (Describe below)

Score: **A** B C D E

Comments:

The SOC publishes information about operating, selling and general costs, which includes some items not covered by the list of indicators in this category, include 'Octroi and Port Trust Charges' (which are levied by states).

References:

GOVERNMENT SOURCES:

i) ONGC Annual Report 2010-2011, p. 24 (Costs and Expenses)

Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

i) ONGC Annual Report 2009-2010, p. 20 (Costs and Expenses)

Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

Peer Review Comments:

SOC mineral and coal Annual Reports

3.2.4 Quality of reports

3.2.4.039: Are the reports published by the state owned company understandable?

Score: **A** B C D E

Comments:

The Annual Reports are aimed towards an audience of public shareholders, and thus assume some basic familiarity with financial performance. However, on average, they contain definitions of concepts and are understandable.

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at

<http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

- 1) ONGC Annual Report 2010-2011, p118-120, and p.124-128
Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf
- 2) ONGC Annual Report, 2009-2010, p. 116 and p.122-126
Available at http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

Peer Review Comments:

mineral SOC Annual Reports eg
www.hindustancopper.com/Admin/FlatFile/AR_2010-11.pdf

3.2.4.040: How often are the reports or statistical databases containing information on revenue generation published by the state owned company?

Score: (A) B C D E

Comments:

Information is published every quarter and a compendium is published in the Annual Report every year.

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

- 1) ONGC Coporate Presentation, February 2012
(Contains data for 2011)
Available at http://www.ongcindia.com/download/Corporate%20Presentation_Feb%202012.pdf
Uploaded as atachment.
- 2) ONGC Investor Presentation, February 2011,p. 16
(Contains data for 2010)
Available at
http://www.ongcindia.com/Download/Inv_Pres_Feb2010onwards/Corporate_Presentation_feb2011.pdf
Uploaded as attachment.
- 3) ONGC Investor Presentation, February 2010, p.14
(Contains data for 2009)
Available at http://www.ongcindia.com/download/Investor_Presentation_Feb_2010.pdf
Uploaded at attachment.
- 4) ONGC Annual Report 2010-2011
Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf
This attachment exceeded the permissble size on this system.
- 5) ONGC Annual Report 2009-2010
Available at:http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf
This attachment exceeded the permissble size on this system.

Peer Review Comments:

As previous

3.2.4.041: If the SOC is involved with quasi fiscal activities, does it publish information about them?

Score: A (B) C

Comments:

The SOC publishes quasi-fiscal activities as quantitative numbers in relation to their impact on performance and revenues, but it does not publish any longer discourse on them. Please refer back to indicator 3.1.2.038.i for more information.

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

Coal prices are fixed by the government of India. Coal India Limited publishes information on prevailing prices on its website.

See http://www.coalindia.in/Documents/Revised_2nd_Ver_Coal_Price_for_uploading_310112.pdf

References:

GOVERNMENT SOURCES:

1) ONGC Financial Highlights, FY 2010, p.13

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY10.pdf

Uploaded as attachment.

2) ONGC Financial Highlights, FY 2009, p.13

Available at http://www.ongcindia.com/Financial_Highlights/ONGC_OVL_MRPL_FY09.pdf

Uploaded as attachment.

3) ONGC Investor Presentation, 2012, p.29-30 (Underrecoveries)

Available at http://www.ongcindia.com/download/Corporate%20Presentation_Feb%202012.pdf

Uploaded as attachment.

Peer Review Comments:

Applies to coal and mineral SOC

3.2.4.042: If there are joint ventures, does the SOC (or government) publish information on its share of costs and revenues deriving from its equity participation in joint ventures?

Score: (A) B C

Comments:

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report, 2010-2011, p.159-162

Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report, 2009-2010, p.157-161

Available at http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

Peer Review Comments:

Similar with mineral SOC Annual Reports

3.2.5.043 Audited reports

3.2.5.043.a: Is the SOC subject to annual audits conducted by an independent external auditor to ensure that the financial statements represent the financial position and performance of the company?

Score: **A** B C D E

Comments:

Under Section 619(2) of the Companies Act, public sector companies have an auditor appointed to them by the Comptroller and Auditor General (CAG) of India, which conducts the annual financial audit of the Company. The CAG plays a supervisory role rather than a primary role.

Excerpt from the Companies Act: Section 619(2) in The Companies Act, 1956
(2) The auditor of a government company shall be appointed or re- appointed by the Central Government on the advice of the Comptroller Auditor- General of India: 1[Provided that the limits specified in sub- sections (1B) and (1C) of section 224 shall apply in relation to the appointment or re- appointment of an auditor under this sub- section.]

It must be noted that although the Company is regularly/annually audited, the Company must pay a fee to the Auditors.

Excerpt from page 117 of Annual Report, 2010-2011.

27. FEE TO Statutory Auditors:

The fee paid / payable to the Statutory Auditors for the year was ` 15.85 million (previous year ` 12.96 million) including ` 0.83 million (previous year ` 0.83 million) as fee for certification of Corporate Governance Report, and ` 3.31 million (previous year ` 3.09 million) for limited review report and ` 0.13 million (previous year ` 0.22 million) for NELP certification plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

The coal and minerals sector can be subjected to audits, the same as the hydrocarbons (oil and gas) sector.

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report 2010-2011, p.85 (Third Party Audit of Reserves) p118-120, and p.124-128 Also see p.78 for clarification of the Comptroller and Auditor General of India Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

Excerpt from p.85 "5. Third party audit of the reserves Audit of the reserves of overseas assets During the year 2010-11, reserves of the 63 major domestic fields, operated by your company and having 80.6% of the total 3P reserves of 1211.39 MMTOE, were audited by the independent hydrocarbon reserve consultants. M/s DeGolyer & MacNaughton (D&M) audited the reserves of 62 major onland fields while M/s Gaffney Cline & Associates (GCA) carried out the audit of Mumbai High fields. Reserves in almost all the overseas assets (except small portion of reserves in Sudan) were audited by M/s D&M and M/s Sproule International Limited (Sproule). Audited estimates of the domestic reserves in the fields operated by your Company vis-à-vis your Company's own estimates are tabulated as below:"

2) ONGC Annual Report, 2009-2010, p. 116 and p.122-126
Available at http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

3) "Audit of Govt Companies: Is CAG extending its powers?" The Hindu Business Line, 24 February 2004
Available at: <http://www.thehindubusinessline.in/2004/02/24/stories/2004022400090900.htm>

3.2.5.043.b: Are SOC audited reports published?

Score: **A** B C D E

Comments:

The Annual Audits conducted by an Auditor engaged by the Company are published as part of the Annual Report (sources 1 and 2 above). However, audit reports by the Comptroller and Auditor General of India are published less regularly, and a discussion paper rather than the actual audit is made public (source 3 above).

Also see ONGC Annual Report 2010-2011, p. 58
Excerpt: "ONGC ranked at top on parameters for organizational disclosures: Transparency International in a recently released report 'Promoting Revenue Transparency: 2011 Report on Oil & Gas Companies' has ranked ONGC at top on parameters for organizational disclosure. ONGC ranks at 26th on Reporting on anti-corruption programs and at 16th place on Country-level disclosure - International Operations. Organizational disclosure measures reporting on companies' organizational structure, operations, partnerships and standards used for published financial accounts."
ONGC ranked at top on parameters for organizational disclosures

In the Coal Sector, Coal India Limited publishes audited accounts every year. Additionally, the National Auditor has conducted special audits on it. A recent report on the prevalence of corruption in coal allocation has not yet been published. However, the National Auditor has published audits into the Company in the past.

See

http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Commercial/Report_No_9/Report_No_9.html

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report 2010-2011, p118-120, and p.124-128
Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report, 2009-2010, p. 116 and p.122-126
Available at http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

3) Performance Audit on Hydrocarbon Production Sharing Contracts, Comptroller and Auditor General of India, 2011
Available at
http://saiindia.gov.in/english/home/Our_Products/Audit_Report/Government_Wise/union_audit/recent_reports/union_performance/2011_2012/Civil_%20Performance_Audits/Report_19/Report_19.html

4) " ONGC - 1st Corporate in India to adopt 'Integrity Pact', inks MoU with Transparency International on IP Programme ", 18 April 2006, Press Release
Available at: http://www.ongcindia.com/archives1.asp?fold=archives\Apr06&file1=feature_article&file2=feature_article4.txt


Peer Review Comments:

Coal and mineral SOC Annual Reports

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Indicator	Score
3.3.1 Legal Framework and Practice	100 

3.3.1 Legal Framework and Practice

3.3.1.044: Does the SOC have a legal obligation to publish financial reports?

Score: A B C

Comments:

Legal obligation is based on legislation that requires reporting to legislature or regulators, or on the SOC's financial operations in financial markets that put it under the obligation to follow stock and exchange laws. Specifically, the Companies Act, 1956.

Excerpt from Source 1, above.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OIL AND NATURAL GAS CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2011

The preparation of financial statements of Oil and Natural Gas Corporation Limited for the year ended 31 March 2011 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done vide their Audit Report dated 30 May 2011. I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Oil and Natural Gas Corporation Limited for the year ended 31 March 2011. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

It must also be noted that ONGC has signed up to the 'Integrity Pact' initiated by Transparency International (India). This involves voluntary disclosures and the involvement of experts from the wider public to discuss contracts worth over Rs 10 million. ONGC signed the Pact in 2006. For details, see p.46-47:

http://www.transparencyindia.org/resource/survey_study/Assessment%20of%20Integrity%20Pact%20in%20IP%20compliant%20PSUs.pdf

In the Coal Sector, as a Company registered under the Companies Act, 1956, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

Interestingly enough, although Coal India Limited is also a signatory to the Integrity Pact, the Assessment Report highlights the fact that it has been treated as 'just another formality, with no real change of heart or attitude' (see p.55 of: http://www.transparencyindia.org/resource/survey_study/Assessment%20of%20Integrity%20Pact%20in%20IP%20compliant%20PSUs.pdf)

State-owned mineral companies have also signed up to the Integrity Pact.

See

http://www.transparencyindia.org/resource/survey_study/Assessment%20of%20Integrity%20Pact%20in%20IP%20compliant%20PSUs.pdf

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report 2010-2011, p. 78. "COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OIL AND NATURAL GAS CORPORATION LIMITED FOR THE YEAR ENDED 31 MARCH 2011"

Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report 2009-2010, p.74

Available at: http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

3.3.1.045: Does the SOC follow internationally recognized accounting standards?

Score: (A) B C

Comments:

The SOC follows Indian Accounting Standards set by the Institute of Chartered Accountants of India under an Act of Parliament. These are accepted in India.

For details, refer to http://www.icai.org/post.html?post_id=7543

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report 2010-2011, p.40, p.118-120, .124

Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

Excerpt: 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Excerpt, p.40 (7): The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards (AS-1 to AS-29) and Successful Efforts Method as per the Guidance Note on Accounting for Oil & Gas

2) ONGC Annual Report, 2009-2010, p.122

Available at http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

3.3.1.046: Do SOC audits include consolidated accounts that cover all of the SOC subsidiaries?

Score: (A) B C

Comments:

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its 'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

1)ONGC Annual Report, 2010-2011, p.186

Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2)ONGC Annual Report, 209-2010, p. 188

Available at http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

Peer Review Comments:

Similar in the mineral sector

3.3.1.047: Are officials of the SOC required to disclose information about their financial interest in any oil, gas or mining projects?

Score: A B **C**

Comments:

Directors are meant to disclose their shareholdings in the SOC and their remunerations, which are both published in the Annual Report. However, there are certain exceptions to the disclosures required under the Companies Act of 1956. It is unclear whether disclosures of stakes held in other oil and gas mining projects are statutory.

References:

GOVERNMENT SOURCES:

1) a) ONGC Annual Report 2010-2011, p. 54

http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

Excerpt: "32. Statutory Disclosures: Section 274(1)(g) of the Companies Act, 1956 is not applicable to the Government Companies. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement. Particulars of Employees As per Notification No. GSR 289(E) dated 31st March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ` 60 lakhs or more per annum, employed throughout the financial year or, ` 5 lakhs per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report.

b) ONGC Annual Report, 2010-2011, p.102

6.2.3 EQUITY SHARES HELD BY DIRECTORS

Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Annual Report 2009-2010, p. 100

Available at: http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf

3.3.1.048: Does the SOC publish information on the composition of its Board of Directors?

Score: **A** B C

Comments:

The SOC publishes details of its Board of Directors, including their shareholding, roles, new appointments, justifications for new appointments and biographies.

In the Coal Sector, Coal India Limited publishes fairly comprehensive information through its

'Performance' page, in the form of Annual Reports and Financial Statements, available at <http://www.coalindia.in/Performance.aspx?tab=2>

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report 2010-2011, p.10-19

Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf
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2) ONGC Annual Report 2009-2010 , p.10-16

Available at:http://www.ongcindia.com/download/AnnualReports/Annual_Report_200910.pdf
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Peer Review Comments:

Also in the Annual Reports of mineral SOC eg
www.hindustancopper.com/Admin/FlatFile/AR_2010-11.pdf

3.3.1.049: Does the SOC publish information about the rules governing decision making by the Board of Directors?

Score: A B C

Comments:

The Corporate Governance section in the Annual Report of the SOC details the role of the Board of Directors of the Company. The SOC also separately publishes a Corporate Governance Report signed off by the Auditors, on its website.

References:

GOVERNMENT SOURCES:

1) ONGC Annual Report, 2010-2011, p.95-118 (Corporate Governance Report_

Available at: http://www.ongcindia.com/download/AnnualReports/ONGC_Annual_Report_10-11.pdf

2) ONGC Corporate Governance 2010-2011

Available at

http://www.ongcindia.com/download/CorporateGov/CORPORATE_GOVERNANCE_REPORT_2010_11.pdf

Peer Review Comments:

Applies to the coal and mineral SOC

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