

**GOVERNMENT OF INDIA**  
**MINISTRY OF PETROLEUM AND NATURAL GAS**  
**RAJYA SABHA**  
**QUESTION NO 02.03.2010**  
**ANSWERED ON**  
**INDIAN OIL'S REFINERY PROJECT AT PARADEEP .**

559

Shri Rama Chandra Khuntia

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

- (a) the reasons for slow progress of Indian Oil's Refinery project at Paradeep; and
- (b) what is the allotment of fund and utilization thereof from 2000 to 2010 ?

**ANSWER**

## THE MINISTER OF PETROLEUM AND NATURAL GAS

(SHRI MURLI DEORA)

(a) : The reasons for slow progress of Paradip Refinery of Indian Oil Corporation Ltd. (IOCL) are as under :  
Government of India accorded approval for setting up of a 9 Million Metric Ton Per Annum (MMTPA) grass-root refinery at Paradip, Orissa by Indian Oil Corporation Limited (IOCL) in joint venture with Kuwait Petroleum Corporation (KPC) in July, 1998. Government of Orissa granted Sales Tax benefits for 11 years from the date of commissioning. As KPC's participation was not encouraging, Board of Directors of IOCL approved implementation of 9 MMTPA Refinery Project in August, 1999 at an estimated cost of Rs.8312 crore. Further, withdrawal of sales tax incentives by the Government of Orissa in February, 2000 affected the viability of the project. As a consequence, IOCL decided to defer 9 MMTPA Paradip Refinery Project in year 2000.

The Sales Tax incentive was later on restored by the Government of Orissa on 16.2.2004 for implementation of Paradip Refinery Project. Since considerable time had elapsed, in the meantime, viability of this project was reviewed.

Based on the review, the Board of Directors in March, 2006, accorded in-principle approval for installation of grass-root 15 MMTPA Refinery-cum-Petrochemical complex.

However, in view of its high estimated cost, Board of Directors accorded final investment approval to the 15 MMTPA Paradip Refinery project on 28.2.2009 at an estimated cost of Rs.29,777 crore. The project is scheduled to be progressively completed and stabilized from March, 2010 to November, 2012.

As on 31.1.2010, 13.76% overall physical progress has been achieved, which is in line with the schedule.

(b) : The details of fund allotment and utilization from 2000 to 2010 for the Paradip Refinery are at Annexure.

### ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF LOK SABHA UNSTARRED QUESTION NO.559 TO BE ANSWERED ON 2ND MARCH, 2010

#### Year Approved / Sanctioned Cost & Expenditure Remarks

2000 - 2006 Expenditure of Rs.655 crore incurred on 9 MMTPA refinery project under the approved cost of Rs.8312 crore for entire project by IOCL Board in August, 1999. For carrying out pre-project/ infrastructure development activities 2006 to 2009(Feb.) Expenditure of Rs.886 crore incurred on 15 MMTPA refinery project under the sanctioned cost of Rs.1627 crore by IOCL Board in March'06.

For continuation of pre-project/ infrastructure development activities, preparation of DFR FEED and Cost Estimate etc.

2009(March) to 2010 (Jan.'10) From March, 2009 till 31.1.2010 an expenditure of Rs.2582 crore (includes Rs.655 crore and Rs.886 crore as mentioned above from year 2000 – Feb, 2009) incurred out of the IOCL Board approved project cost of Rs.29,777 crore as in Feb.'09. The commitment as on 31.1.2010 was Rs.6292 crore. For carrying out various tendering, procurement & construction activities etc. for completion

of 15 MMTPA refinery project.