

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO.- 2065
ANSWERED ON-07/08/2023

WINDFALL TAX ON DOMESTIC OIL PRODUCTION

2065. DR. ASHOK KUMAR MITTAL:

Will the Minister of Petroleum and Natural Gas be pleased to state:-

- (a) whether Government is aware that the petroleum sector is struggling to attract investors, if so, the details thereof;
- (b) the steps taken by Government to attract more investment in the petroleum sector, the details thereof;
- (c) whether Government is considering the imposition of a windfall tax on domestic oil production; and
- (d) whether Government is planning to reform the law governing the petroleum sector to protect investors against the expropriation of their assets?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI RAMESWAR TELI)

(a) & (b): During the last five years, FDI equity inflow into the Petroleum and Natural Gas sector has been about 1222 US Million Dollar. Oil & Gas CPSEs have also collectively invested more than Rs 1 lakh crore, each year, during the same period.

Government has notified Hydrocarbon Exploration and Licensing Policy (HELP) on 30th March 2016 for award of exploration acreages shifting from Production Sharing mechanism to Revenue Sharing mechanism. Government further notified policy reforms on 28th February 2019, where many of the processes and approvals were relaxed to promote "Ease of Doing Business", Revenue Share from Category II & III type of basins were removed, except for windfall gains, 7 years Royalty Holiday for Deep & Ultra-deep blocks and concessional Royalty Rates- 3.5 % for Deepwater and 1.4 % for ultra-deep-water blocks. In addition, fiscal incentives have been provided for early monetization of fields along with Marketing and Pricing freedom for natural gas

(c): The Central Government, has with effect from the 1st July, 2022 imposed certain duties /cesses on domestically produced Crude Petroleum.

(d): Reforms in the regulatory regime are an ongoing process. Most Production Sharing Contracts signed with Oil & Gas operators already have provisions to deal with force majeure situations as well as situations arising out of changes in or to any Indian law, rule or regulations pertaining to matters specified therein which result in material / adverse change to the expected economic benefits accruing to any of the parties.
