

LOK SABHA  
UNSTARRED QUESTION NO. 3114  
TO BE ANSWERED ON 06<sup>th</sup> AUGUST, 2018

**Setting up of Oil Refinery**

3114. SHRI RAYAPATI SAMBASIVA RAO :

SHRIMATI BUTTA RENUKA:

SHRI JAYADEV GALLA:

पेट्रो लयम और प्राकृतिक गैस मंत्री

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

(a) whether the Andhra Pradesh Reorganization Act, 2014 proposes Green field crude oil refinery and Petrochemical Complex at Visakhapatnam and the said act also proposed that IOCL and HPCL would examine the feasibility within six months from appointed day and if so, the details thereof and the current status of the project;

(b) whether the economic feasibility for the said project is not being considered as its economic benefits will only help in strengthening of the bifurcated States and if so, the details thereof;

(c) whether different approaches are adopted for central financing of both PSU-led projects *i.e* Assam Gas Cracker and IOCL Visakhapatnam refinery and if so, the details thereof and the reasons therefor;

(d) whether HPCL and GAIL have entered into an agreement with Government of Andhra Pradesh to set up a petrochemical plant in the State and if so, the details of the said agreement and the employment likely to be generated after setting up of the said plant and the time by which the plant would be completed; and

(e) whether Viability Gap Funding (VGF) was taken from any other State earlier and if so the details thereof along with the reasons for asking/seeking VGF for Andhra Pradesh?

ANSWER

पैट्रोलियम और प्राकृतिक गैस मंत्री (श्री धर्मेन्द्र प्रधान)

MINISTER OF PETROELUM & NATURAL GAS  
(SHRI DHARMENDRA PRADHAN)

(a) As per Andhra Pradesh Reorganization Act, 2014,

“IOCL or HPCL shall, within six months from appointed day, examine the feasibility of establishing a green field crude oil refinery and petrochemical complex in the successor state of Andhra Pradesh and take an expeditious decision there on”.

(b) The economic feasibility of Andhra Pradesh Petrochemical Complex at Kakinada has been carried out by Hindustan Petroleum Corporation Limited (HPCL) and Gail (India) Limited (GAIL). Oil PSUs have indicated to the Government of Andhra Pradesh (GoAP) that Viability Gap Funding (VGF) is necessary to make the project viable.

(c) Assam Gas Cracker Project (AGCP) was initiated in pursuance of the Memorandum of Settlement signed between Central Government, All Assam Students Union and All Assam Gana Sangram Parishad on 15.08.1985. The objective of the project was overall socio-economic development of the North Eastern Region. A Joint Venture company namely M/s Brahmaputra Cracker and Polymer Limited (BCPL), a CPSU under administrative control of Department of Chemicals and Petrochemicals implemented the project. Based on the Government's approval given from time to time, its project cost is Rs. 9965 crore which includes a Capital Subsidy of Rs. 5239.45 crore.

(d) GoAP, GAIL and HPCL have signed a MoU on 27<sup>th</sup> January, 2017 for setting up of a Greenfield Standalone Petrochemical Complex in Kakinada with capacity of approximately 1 MMTPA Ethylene with an estimated cost of Rs. 32901 crore. Detailed Feasibility Study and Financial Appraisal Study have been completed. The project period is 4 years from zero date and its direct employment potential is around 1000 people.

(e) Refinery Projects like Paradip Refinery Project, HMEL, Bhatinda have been set up with VGF provided by the concerned State Governments. Recently, HPCL has signed a MoU with Government of Rajasthan in April, 2017 for setting up a Refinery-cum-Petrochemical Complex in Barmer District of Rajasthan with an estimated cost of Rs.43129 crore, wherein it has been agreed by Government of Rajasthan to provide VGF @ Rs. 1123 crore per year for 15 years as interest free loan to HPCL.

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