

No.O-23012/5/2013-ONG-I (FTS 24383)

Government of India.

Ministry of Petroleum and Natural Gas

(ONG-I Section)

Shastri Bhawan, New Delhi.

11th April, 2013

**Subject:- Draft para on "Funding of two authorities outside Government Accounts"
in respect of Ministry of Petroleum and Natural Gas.**

Please refer to your D.O. No. AMG-VI/App.A/cs/3(1)/Gr.No.73/2012-13/619-623
dated 22nd February, 2013 on the above subject.

2. DGH is fully funded through OIBD grants and its accounts are audited by the CAG approved empanelled auditors. OIBD has its own corpus of funds built over the years through financial management. It has not received any funds from Consolidated Fund of India (CFI) since 1992. Accounts of OIBD are auditable by CAG in terms of OIBD Act 1974. Annual Report of OIBD along with annual statement of accounts, including profit and loss account and the balance sheet are laid in both Houses of Parliament. DGH is not an independent body like TRAI or PNGRB. It is functionally and administratively accountable to Ministry of Petroleum & Natural Gas (MOP&NG) and therefore to Parliament. Further, DGH is also accountable to Parliament through Parliamentary Committees like Public Accounts Committee (PAC) and Standing Committee. DGH receives grant from OIBD, and OIBD in turn provides this grant from a corpus built over the years. OIBD's grant to DGH does not come out of any annual budgetary funding of OIBD received from Consolidated Fund of India. In fact, OIBD has not received any budgetary support for the last 22 years. Therefore, if DGH has to be funded from the budget of MOP&NG, then it would mean that Ministry of Finance would have to provide an additional amount of Rs. 111 Crore to MOP&NG to meet the annual funding needs of DGH. Thus, the suggestion of CAG that DGH should be funded directly by MOP&NG instead of OIBD is not budget neutral. It is desirable that Budgetary allocations for DGH are independent of Ministry's budgetary allocations so

that functions of DGH which are of paramount importance for country's energy needs are carried out smoothly, without being dependent on limited budgetary resources of MOP&NG.

3. In view of the position explained above, it is requested that the present system of funding of DGH through OIDB grants is considered most suitable as such may be continued.


(Rakesh Mishra)
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