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CAG report exposes RIL-Centre collusion on D6: AAP

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NEW DELHI: The Aam Aadmi Party on Sunday released some parts of what it termed the CAG report that would be tabled in Parliament in the Budget session, and said the report had revealed that Reliance Industries Limited, in collusion with the Central Government, "violated all its contractual commitments and caused serious damage to national interests" in its operations in D6 Block of the Krishna Godavari Basin.

AAP leader and senior lawyer Prashant Bhushan during a press conference argued that the report indicted the company as well as the then Union Government on several counts. Mr. Bhushan argued that the CAG report had revealed that Reliance "over-estimated the reserves, increased its capital expenditure and failed to adhere to its production commitments." The company, added the AAP leader, did not relinquish its fields as required by the contract and did not pay the full profit petroleum to the Government.

"CAG starts its report by stating that Reliance did not cooperate with the audit, did not provide several important documents and records and also desperately tried to mislead the CAG by providing wrong information. This is despite the fact that audit by a government agency is a requirement under the Government-Reliance Contract (the PSC)," he said.

While talking about the issue of non-relinquishment of fields, the AAP leader said, " CAG has stated that in complete violation of the contract, Reliance was allowed to retain the entire block area till as late as 2013, despite the fact that they had to relinquish 50% of the fields by 2005 and a majority of the remaining fields by 2007."

While claiming that the CAG report also indicted the then Union Minister of Petroleum Veerappa Moily's role, Mr. Bhushan added, "With regards to the lucrative fields referred to as D29, D30 and D31, Mr. Moily overruled the DGH [the monitoring mechanism at the Ministry of Petroleum and Natural Gas] and allowed Reliance to retain these fields. The CAG has stated that the actions of the Minister were against the technical advice of the DGH and would have a significant financial impact".

In the context of alleged violation of its production sharing contract (PSC) Mr. Bhushan said, "The Government instead of terminating the PSC, has allowed Reliance to siphon off huge amounts of money and showered them with undue benefits."

"The CAG has noted with concern the declining production in D1-D3 fields. It has noted that Reliance has failed to adhere to the AIDP targets in terms of wells to be drilled and connected and the gas production rate," he said.

Politically motivated, says RIL

Special Correspondent

MUMBAI: Reliance Industries Ltd (RIL) has reacted sharply to the Aam Aadmi Party's allegations.

"AAP faces political extinction. So, latching on to a draft and broadcasting it without any sense or context of the production-sharing agreement is but to be expected," RIL said in a statement. It said the CAG was yet to complete its audit under the Production Sharing Contract. "During the course of an ongoing audit, as per standard practice followed by CAG, it has made some observations in a draft report and sought our comments as part of the ongoing exercise. Treating these as conclusions is incorrect and can only be called politically motivated."