

IndiaCode

The Oil Industry (Development) Act, 1974

(ACT NO. 47 OF 1974)

(*As on the 23rd June, 2026*)

LIST OF AMENDING ACTS

1. The Finance Act, 1987 (11 of 1987).
2. The Finance Act, 2006 (21 of 2006).
3. The Finance Act, 2017 (7 of 2021).
4. The *Jan Vishwas* (Amendment of Provisions) Act, 2026 (8 of 2026).

LIST OF ABBREVIATIONS USED

Cl., cls.	. . . . .	*for*	Clause, clauses.
Ins.	. . . . .	,,	Inserted.
Notifn.	. . . . .	,,	Notification.
S., ss.	. . . . .	,,	Section, sections.
Sch.	. . . . .	,,	Schedule.
Subs.	. . . . .	,,	Substituted.
w.e.f.	. . . . .	,,	with effect from.

IndiaCode

THE OIL INDUSTRY (DEVELOPMENT) ACT, 1974

ARRANGEMENT OF SECTIONS

CHAPTER I

PRELIMINARY

SECTIONS

1. Short title and extent.
2. Definitions.

CHAPTER II

THE OIL INDUSTRY DEVELOPMENT BOARD

3. Establishment and constitution of the Board.
4. Conditions of service of members.
5. Secretary, officers, consultants and employees of the Board.
6. Functions of the Board.
7. Principles and conditions of assistance.
8. Power to call for repayment before agreed period.
9. Special provisions for enforcement of claims by the Board.
10. Power of Board to appoint Directors of oil industrial concern.
11. Effect of notified order appointing Director.
12. Powers and duties of the Directors.
13. No right to compensation for loss of office.
14. Application of Act 1 of 1956.

CHAPTER III

FINANCE, ACCOUNTS AND AUDIT

15. Duties of excise.
16. Crediting of proceeds of duty to Consolidated Fund of India.
17. Grants and loans by the Central Government.
18. Oil Industry Development Fund.
19. Power to borrow.
20. Accounts and audit.

CHAPTER IV

CONTROL BY THE CENTRAL GOVERNMENT

21. Power to require persons engaged in oil industry to maintain and produce books, accounts and records relating to business and inspection thereof.
22. Directions by the Central Government.
22A. [*Omitted*.].

IndiaCode

CHAPTER V

MISCELLANEOUS

SECTIONS

23. Punishments.

23A. Certain persons to be public servants.

24. Adjudication of penalties.

24A. Appeal.

25. Offences or contravention by companies.

26. Jurisdiction of courts.

27. Previous sanction of Central Government.

28. Protection of action taken in good faith.

29. Dissolution of the Board.

30. Act to have overriding effect.

31. Power to make rules.

THE SCHEDULE.

IndiaCode

THE OIL INDUSTRY (DEVELOPMENT) ACT, 1974

ACT NO. 47 OF 1974

[26*th September,* 1974.]

An Act to provide for the establishment of a Board for the development of oil industry and for that purpose to levy a duty of excise on crude oil and natural gas and for matters connected therewith.

BE it enacted by Parliament in the Twenty-fifth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title and extent.—(*1*) This Act may be called the Oil Industry (Development) Act, 1974.

(*2*) It extends to the whole of India.

2. Definitions.—In this Act, unless the context otherwise requires,—

(*a*) "assistance" means assistance rendered under section 6;

(*b*) "Board" means the Oil Industry Development Board established under section 3;

(*c*) "Chairman" means the Chairman of the Board;

(*d*) "court" means the High Court or the Court of Judicial Commissioner within the local limits of whose jurisdiction the defendant or respondent carries on the whole or a substantial part of his business, and where the Central Government has, by notification in the Official Gazette, and subject to such restrictions, limitations and conditions, as it thinks fit, empowered any court of civil jurisdiction subordinate to the High Court or, as the case may be, the Court of the Judicial Commissioner, to exercise all or any of the powers conferred by this Act, such court;

(*e*) "crude oil" means petroleum in its natural state before it is refined or otherwise treated but from which water and foreign substances have been extracted;

(*f*) "fertilisers" means such oil based chemical compounds which when employed in agriculture provide either single or multiple plant nutrients in any one or more of the forms of nitrogen, phosphorus and potash;

(*g*) "member" means a member of the Board and includes the Chairman;

(*h*) "mineral oil" includes petroleum and natural gas;

(*i*) "natural gas" means gas consisting primarily of hydrocarbons obtained from oil wells or gas wells;

(*j*) "oil industrial concern" means any company, corporation or co-operative society, which is engaged or which is to engage in any activity referred to in clause (*k*);

(*k*) "oil industry" includes all activities by way of prospecting or exploring for or production of mineral oil, refining, processing, transportation, storage, handling and marketing, of mineral oil, production and marketing of all products, down-stream of an oil refinery and the production of fertilisers and petro-chemicals and all activities directly or indirectly connected therewith;

(*l*) "petro-chemicals" means chemicals, whether organic or inorganic, derived from petroleum including crude oil, natural gas, condensates, refined petroleum fractions and refinery gases;

(*m*) "petroleum product" means any commodity made from petroleum or natural gas and includes refined crude oil, processed crude petroleum, residuum from crude petroleum cracking stock, uncracked fuel oil, fuel oil, treated crude oil residuum, casing head gasoline, natural gas gasoline,

naphtha, distillate gasoline, kerosene, bitumen, asphalt and tar, waste oil, blended gasoline, lubricating oil, blends or mixture of oil with one or more liquid products or by-products derived from oil or gas and blends or mixtures of two or more liquid products or by-products derived from oil condensate and gas or petroleum hydrocarbons not specified hereinbefore;

(*n*) "prescribed" means prescribed by rules made under this Act.

CHAPTER II

THE OIL INDUSTRY DEVELOPMENT BOARD

3. Establishment and constitution of the Board.—(*1*) With effect from such date as the Central Government may, by notification in the Official Gazette, appoint in this behalf, there shall be established for the purposes of this Act a Board to be called the Oil Industry Development Board.

(*2*) The Board shall be a body corporate by the name aforesaid having perpetual succession and a common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

(*3*) The Board shall consist of the following members, namely:—

(*a*) not more than three members to be appointed by the Central Government to represent the Ministry or Ministries of the Central Government dealing with petroleum and chemicals;

(*b*) two members to be appointed by the Central Government to represent the Ministry of the Central Government dealing with finance;

(*c*) not more than five members to be appointed by the Central Government to represent the Corporations, being Corporations owned or controlled by the Central Government, engaged in activities referred to in clause (*k*) of section 2;

(*d*) two members of whom one shall be appointed by the Central Government from amongst persons who, in the opinion of that Government, have special knowledge or experience of oil industry and the other shall be appointed by that Government to represent labour employed in the oil industry;

(*e*) the Secretary to the Board, *ex officio.*

(*4*) The Central Government shall appoint the Chairman of the Board.

(*5*) The term of office of the members of the Board (other than the members appointed by virtue of office) and the manner of filling vacancies among, and the procedure to be followed in the discharge of their functions by, the members shall be such as may be prescribed.

(*6*) Subject to such conditions and restrictions as may be prescribed, the Board may constitute Standing Committees or *ad hoc* Committees for exercising any power or discharging any duty of the Board or for inquiring into, reporting and advising on, any matter which the Board may refer to them:

Provided that a Standing Committee shall consist exclusively of members of the Board.

(*7*) No act or proceeding of the Board or of any Committee constituted under sub-section (*6*) shall be invalidated merely by reason of—

(*a*) any vacancy in, or any defect in the constitution of, the Board or such Committee; or

(*b*) any defect in the appointment of a person acting as a member of the Board or such Committee; or

(*c*) any irregularity in the procedure of the Board or such Committee not affecting the merits of the case.

4. Conditions of service of members.—Every person appointed as a whole-time member of the Board shall be entitled to such salary and allowances and such conditions of service in respect of leave, pension, provident fund and other matters as may, from time to time, be fixed by the Central Government and the other members of the Board and such of the members of any *ad hoc* Committee constituted under

IndiaCode

sub-section (*6*) of section 3 as are not members of the Board shall be entitled to such allowances, if any, and such other conditions of service, as may be prescribed.

5. Secretary, officers, consultants and employees of the Board.—(*1*) The Central Government shall appoint a Secretary to the Board.

(*2*) Subject to rules made in this behalf, the Secretary shall exercise such powers and perform such duties as may be prescribed or as may be delegated to him by the Board.

(*3*) The Secretary shall be entitled to such salary and allowances and such conditions of service in respect of leave, pension, provident fund and other matters as may, from time to time, be fixed by the Central Government.

(*4*) Subject to such conditions and restrictions as may be prescribed, the Board may appoint such consultants as may be necessary for the performance of its functions on such terms and conditions as it may determine from time to time.

(*5*) Subject to such conditions and restrictions as may be prescribed, the Board may appoint such other officers and employees as may be necessary for the performance of its functions and pay them such salaries and allowances as it may determine from time to time.

6. Functions of the Board.—(*1*) Subject to the provisions of this Act and the rules made thereunder, the Board shall render, in such manner, to such extent and on such terms and conditions as it may deem fit, financial and other assistance for the promotion of all such measures as are, in its opinion, conducive to the development of oil industry.

(*2*) Without prejudice to the generality of the provisions of sub-section (*1*), the Board may render assistance under that sub-section by—

(*a*) making grants or advancing loans to any oil industrial concern or other person who is engaged or is to engage in any activity referred to in clause (*k*) of section 2;

(*b*) guaranteeing on such terms and conditions as may be agreed upon loans raised by any oil industrial concern or other person which are repayable within a period not exceeding twenty-five years and are floated in the market or loans raised by an oil industrial concern or other person from any bank which is a scheduled bank, or a State co-operative bank, as defined in the Reserve Bank of India Act, 1934 (2 of 1934);

(*c*) guaranteeing on such terms and conditions as may be agreed upon deferred payments due from any oil industrial concern or other person in connection with import of capital goods from outside India or in connection with purchase of capital goods within India by such concern or other person;

(*d*) guaranteeing on such terms and conditions as may be agreed upon loans raised from, or credit arrangements made with, any bank or financial institution in any country outside India by any oil industrial concern or other person in foreign currency:

Provided that no such guarantee shall be given without the prior approval of the Central Government;

(*e*) underwriting the issue of stock, shares, bonds or debentures by any oil industrial concern and retaining as part of its assets any stock, shares, bonds or debentures which it may have to take up in fulfilment of its obligations thereto;

(*f*) acting as agent for the Central Government or, with its approval, for any overseas financial organisation or credit agency in the transaction of any business with any oil industrial concern in respect of loans or advances granted, or debentures subscribed by the Central Government or such organisation or agency;

(*g*) subscribing to the stock or shares of any oil industrial concern;

(*h*) subscribing to the debentures of any oil industrial concern repayable within a period not exceeding twenty-five years from the date on which they are subscribed to:

IndiaCode

Provided that nothing contained in this clause shall be deemed to preclude the Board from subscribing to the debentures of any oil industrial concern, the amounts outstanding thereon may be convertible at the option of the Board into stock or shares of that concern within the period the debentures are repayable.

Explanation.—In this clause, the expression "amounts outstanding thereon" used in relation to any loan or advance shall mean the principal, interest and other charges payable on such loan or advance as at the time when the amounts are sought to be converted into stock or shares.

(*3*) Without prejudice to the generality of the provisions of sub-section (*1*), the measures for the promotion of which the Board may render assistance under that sub-section may include measures for or by way of—

(*a*) prospecting for and exploration of mineral oil within India (including the continental shelf thereof) or outside India;

(*b*) the establishment of facilities for production, handling, storage and transport of crude oil;

(*c*) refining and marketing of petroleum and petroleum products;

(*d*) the manufacture and marketing of petro-chemicals and fertilisers;

(*e*) scientific, technological and economic research which could be, directly or indirectly, useful to oil industry;

(*f*) experimental or pilot studies in any field of oil industry;

(*g*) training of personnel, whether in India or outside, engaged or to be engaged in any field of oil industry, and

such other measures as may be prescribed.

(*4*) The Board may charge such fees or receive such commission as it may deem appropriate for any services rendered by it in the exercise of its functions.

(*5*) The Board may transfer for consideration any instrument relating to loans or advances granted by it to any oil industrial concern or other person.

(*6*) The Board may do all such things as may be incidental to or consequential upon the discharge of its functions under this Act.

7. Principles and conditions of assistance.—(*1*) Before rendering any assistance to any oil industrial concern or other person, the Board shall have regard to such directions as the Central Government may issue in this behalf and shall satisfy itself that—

(*a*) such assistance is not contrary to such directions; and

(*b*) such assistance is necessary as a matter of priority in the interests of the development of oil industry.

(*2*) In rendering any assistance to any oil industrial concern or other person, the Board shall impose such conditions as may be prescribed and may also impose such additional conditions as it may think necessary or expedient for protecting the interests of the Board and for securing that the assistance rendered by it is put to the best use by such concern or other person.

8. Power to call for repayment before agreed period.—Notwithstanding anything in any agreement to the contrary, the Board may, by notice in writing, require any oil industrial concern or other person to which or to whom it has rendered any assistance to discharge forthwith in full its or his liabilities to the Board—

(*a*) if it appears to the Board that false or misleading information in any material particulars was given in the application for such assistance; or

(*b*) if the concern or other person has failed to comply with the terms of its or his contract with the Board in the matter of such assistance; or

IndiaCode

(*c*) if there is a reasonable apprehension that the concern or other person is unable to pay its or his debts or that proceedings for liquidation or in insolvency may be commenced in respect of such concern or person; or

(*d*) if the property pledged, mortgaged, hypothecated or assigned to the Board as security is not insured and kept insured by the concern or other person to the satisfaction of the Board; or depreciates in value to such an extent that, in the opinion of the Board, further security to the satisfaction of the Board should be given and such security is not given; or

(*e*) if, without the permission of the Board, any machinery, plant or other equipment (whether or not forming part of the security), is removed from the premises of the concern or other person without being replaced; or

(*f*) if for any reason it is necessary to protect the interests of the Board.

9. Special provisions for enforcement of claims by the Board.—(*1*) Where an oil industrial concern or other person, in breach of any agreement, makes any default in repayment of any loan or advance or any instalment thereof or in meeting its or his obligations in relation to any other assistance rendered by the Board or otherwise fails to comply with the terms of the agreement with the Board or where the Board requires an oil industrial concern or other person to make immediate repayment of any loan or advance and the concern or other person fails to make such repayment, then, without prejudice to the provisions of section 69 of the Transfer of Property Act, 1882 (4 of 1882), any officer of the Board generally or specially authorised by the Board in this behalf may apply to the court for one or more of the following reliefs, namely:—

(*a*) for an order for the sale of the property pledged, mortgaged, hypothecated or assigned to the Board as security for the loan or advance; or

(*b*) for an *ad interim* injunction where there is apprehension of the machinery or the equipment being removed from the premises of the oil industrial concern or other person without the permission of the Board; or

(*c*) in the case of an oil industrial concern, for transferring the management of the concern to the Board.

(*2*) An application under sub-section (*1*) shall state the nature and extent of the liability of the oil industrial concern or other person to the Board, the ground on which it is made and such other particulars as may be prescribed.

(*3*) When the application is for the relief mentioned in clause (*a*) or clause (*b*) of sub-section (*1*), the court shall pass an *ad interim* order attaching the property or so much of the property of the oil industrial concern or other person as would on being sold realise in the estimation of the court an amount equivalent in value to the outstanding liability of the concern or other person to the Board together with costs of the proceedings taken under this section with or without an *ad interim* injunction restraining the oil industrial concern or other person from transferring or removing any machinery or equipment.

(*4*) Where the application is for the relief mentioned in clause (*c*) of sub-section (*1*), the court shall grant an *ad interim* injunction restraining the oil industrial concern from transferring or removing its machinery and equipment and issue a notice calling upon the concern to show cause on a date to be specified in the notice why the management of the concern should not be transferred to the Board.

(*5*) Before passing any order under sub-section (*3*) or sub-section (*4*), the court may, if it thinks fit, examine the officer making the application.

(*6*) At the same time as it passed an order under sub-section (*3*), the court shall issue to the oil industrial concern or other person a notice accompanied by copies of the order, the application and the evidence, if any, recorded by it, calling upon the concern or other person to show cause on a date to be specified in the notice why the *ad interim* order of attachment should not be made absolute or the injunction confirmed.

IndiaCode

(*7*) If no cause is shown before the date specified in the notice under sub-sections (*4*) and (*6*), the court shall forthwith make the *ad interim* order absolute and direct the sale of the attached property or transfer the management of the oil industrial concern to the Board or confirm the injunction.

(*8*) If cause is shown, the court shall proceed to investigate the claim of the Board and the provisions of the Code of Civil Procedure, 1908 (5 of 1908) shall, so far as may be, apply to such proceedings.

(*9*) On an investigation made under sub-section (*8*), the court shall pass an order—

(*a*) confirming the order of attachment and directing the sale of the attached property, or

(*b*) varying the order of attachment so as to release a portion of the property from attachment and directing the sale of the remainder of the attached property, or

(*c*) releasing the property from attachment, if it is satisfied that it is not necessary in the interests of the Board, or

(*d*) confirming or dissolving the injunction, or

(*e*) transferring the management of the oil industrial concern to the Board or rejecting the claim made in this behalf:

Provided that when making any order under clause (*c*), the court may make such other orders as it thinks necessary to protect the interests of the Board, and, may apportion the costs of the proceedings in such manner as it thinks fit:

Provided further that unless the Board intimates the court that it will not appeal against any order releasing any property from attachment, such order shall not be given effect to until the expiry of the period fixed under sub-section (*12*) within which an appeal may be preferred, or if an appeal is preferred, unless the court empowered to hear appeals from the decisions of the said court otherwise directs, until the appeal is disposed of.

(*10*) An order of attachment or sale of property shall be carried into effect, as far as may be practicable, in the manner provided in the Code of Civil Procedure, 1908 (5 of 1908) for the attachment or sale of property in execution of a decree, as if the Board were the decree-holder.

(*11*) An order under this section transferring the management of an oil industrial concern to the Board shall be carried into effect, as far as may be practicable, in the manner provided in the Code of Civil Procedure, 1908 (5 of 1908) for the possession of immovable property or the delivery of movable property in execution of a decree, as if the Board were the decree-holder.

(*12*) Any party aggrieved by an order under sub-section (*7*) or sub-section (*9*) may, within thirty days from the date of the order, appeal to the court empowered to hear appeals from the decisions of the court which passed the order and the appellate court may after hearing the parties pass such orders as it thinks proper.

(*13*) Nothing in this section shall be construed, where proceedings for liquidation or in insolvency in respect of the oil industrial concern or other person have commenced before an application is made under sub-section (*1*) as giving to the Board any preference over the other creditors of the concern or other person not conferred on it by any other law.

(*14*) For the removal of doubts, it is hereby declared that any court competent to grant an *ad interim* injunction under this section shall also have the power to appoint a receiver and to exercise all other powers incidental thereto.

10. Power of Board to appoint Directors of oil industrial concern.—When the management of an oil industrial concern is taken over by the Board, the Board may, by order notified in the Official Gazette, appoint as many persons as it thinks fit to be the Directors of that concern and nothing in the Companies Act, 1956 (1 of 1956) or in any law or instrument relating to the concern, in so far as it makes, in relation to a Director, any provision for the holding of any share qualification, age limit, restrictions on the number of directorships, retirement by rotation or removal from office shall apply to any Director appointed by the Board under this section.

IndiaCode

11. Effect of notified order appointing Director.—On the issue of a notified order under section 10—

(*a*) all persons holding office as Director of the oil industrial concern or in charge of the management of such concern immediately before the issue of the notified order shall be deemed to have vacated their offices as such;

(*b*) the Directors appointed under section 10 shall take such steps as may be necessary to take into their custody or under their control the property, effects and actionable claims to which the oil industrial concern is, or appears to be, entitled and all the property and effects of the concern shall be deemed to be in the custody of the Directors as from the date of the notified order;

(*c*) the Directors appointed under section 10 shall for all purposes be the Directors of the oil industrial concern duly constituted under the Companies Act, 1956 (1 of 1956) and shall alone be entitled to exercise all the powers of the Directors of the concern, whether such powers are derived from the said Act or from the memorandum or articles of association of the concern or from any other source.

12. Powers and duties of the Directors.—(*1*) Subject to the control of the Board, the Directors appointed under section 10 shall take such steps as may be necessary for the purpose of efficiently managing the business of the oil industrial concern and shall exercise such powers and perform such duties as may be prescribed.

(*2*) Without prejudice to the generality of the powers vested in them under sub-section (*1*), the Directors appointed under section 10 may, with the previous approval of the Board, make an application to a court for the purpose of cancelling or varying any contract or agreement entered into, at any time before the issue of the notified order under section 10, between the oil industrial concern and any other person and the court may, if satisfied after due inquiry that such contract or agreement had been entered into in bad faith and is detrimental to the interests of the concern, make an order cancelling or varying (either unconditionally or subject to such conditions as it may think fit to impose) that contract or agreement and the contract or agreement shall accordingly stand cancelled or, as the case may be, have effect as so varied.

13. No right to compensation for loss of office.—(*1*) Notwithstanding anything contained in any law for the time being in force, no Director or other person in charge of the management of an oil industrial concern immediately before the issue of a notified order under section 10 in respect of such concern shall be entitled to any compensation for the loss of office or for the premature termination under this Act of the contract entitling him to be in charge of such management.

(*2*) Nothing contained in sub-section (*1*) shall affect the right of any Director or other person referred to therein to recover from the oil industrial concern moneys recoverable otherwise than by way of such compensation.

14. Application of Act 1 of 1956.—(*1*) Where the management of an oil industrial concern, being a company as defined in the Companies Act, 1956, is taken over by the Board, then, notwithstanding anything contained in the said Act or in the memorandum or articles of association of such concern,—

(*a*) it shall not be lawful for the shareholders of such concern or any other person to nominate or appoint any person to be a Director of such concern;

(*b*) no resolution passed at any meeting of the shareholders of such concern shall be given effect to unless approved by the Board;

(*c*) no proceeding for the winding up of such concern or for the appointment of a receiver in respect thereof shall lie in any court, except with the consent of the Board.

(*2*) Subject to the provisions contained in sub-section (*1*) and to the other provisions contained in this Act and subject to such other exceptions, restrictions and limitations, if any, as the Central Government may, by notification in the Official Gazette, specify in this behalf, the Companies Act, 1956 (1 of 1956) shall continue to apply to such concern in the same manner as it applied thereto before the issue of the notified order under section 10.

CHAPTER III

FINANCE, ACCOUNTS AND AUDIT

15. Duties of excise.—(*1*) There shall be levied and collected, as a cess for the purposes of this Act, on every item specified in column 2 of the Schedule, which is produced in India (including the continental shelf thereof) and—

(*a*) removed to a refinery or factory; or

(*b*) transferred by the person by whom such item is produced to another person,

a duty of excise at such rate not exceeding the rate set forth in the corresponding entry in column 3 of the Schedule, as the Central Government may, by notification in the Official Gazette, specify:

Provided that until the Central Government specifies by such notification the rate of the duty of excise in respect of crude oil (being an item specified in the Schedule) the duty of excise on crude oil under this sub-section shall be levied and collected at the rate of rupees sixty per tonne.

(*2*) Every duty of excise leviable under sub-section (*1*) on any item shall be payable by the person by whom such item is produced, and in the case of crude oil, the duty of excise shall be collected on the quantity received in a refinery.

(*3*) The duties of excise under sub-section (*1*) on the items specified in the Schedule shall be in addition to any cess or duty leviable on those items under any other law for the time being in force.

(*4*) The provisions of the Central Excises and Salt Act, 1944 (1 of 1944) and the rules made thereunder, including those relating to refunds and exemptions from duties shall, as far as may be, apply in relation to the levy and collection of duties of excise leviable under this section and for this purpose the provisions of that Act shall have effect as if that Act provided for the levy of duties of excise on all items specified in the Schedule.

16. Crediting of proceeds of duty to Consolidated Fund of India.—The proceeds of the duties of excise levied under section 15 shall first be credited to the Consolidated Fund of India and the Central Government may, if Parliament by appropriation made by law in this behalf, so provides, pay to the Board from time to time, from out of such proceeds, after deducting the expenses of collection, such sums of money as it may think fit for being utilised exclusively for the purposes of this Act.

17. Grants and loans by the Central Government.—The Central Government may also, after due appropriation made by Parliament by law in this behalf, pay to the Board by way of grants or loans such sums of money as the Central Government may consider necessary.

18. Oil Industry Development Fund.—(*1*) There shall be formed a Fund to be called the Oil Industry Development Fund and there shall be credited thereto—

(*a*) any sums of money paid under section 16 or section 17;

(*b*) any grants that may be made by any person or institution for the purposes of this Act;

(*c*) any borrowings by the Board;

(*d*) the sums, if any, realised by the Board in carrying out its functions or in the administration of this Act.

(*2*) The Fund shall be applied—

(*a*) for meeting the salaries, allowances, honoraria and other remuneration of the officers and other employees of the Board and of the advisers, consultants or other agencies whose services are availed of by the Board;

(*b*) for meeting the other administrative expenses of the Board;

(*c*) for rendering assistance under section 6;

(*d*) for repayment of any loans taken by the Board or for meeting other liabilities under this Act.

[1][(*e*) for meeting any expenditure incurred by any Central Public Sector Undertaking in the oil and gas sector, on behalf of the Central Government;

(*f*) for meeting expenditure on any scheme or activity by the Central Government relating to oil and gas sector.]

19. Power to borrow.—Subject to such rules as may be made in this behalf, the Board shall have the power to borrow on the security of the Oil Industry Development Fund or any other asset for carrying out the purposes of this Act.

20. Accounts and audit.—(*1*) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts, including the profit and loss account and the balance-sheet in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.

(*2*) The accounts of the Board shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General.

(*3*) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Board shall have the same rights and privileges and authority in connection with such audit as the Comptroller and Auditor-General has in connection with the audit of Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect any of the offices of the Board.

(*4*) The accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

CHAPTER IV

CONTROL BY THE CENTRAL GOVERNMENT

21. Power to require persons engaged in oil industry to maintain and produce books, accounts and records relating to business and inspection thereof.—The Central Government may, by order notified in the Official Gazette, require all persons engaged in oil industry or any class of such persons—

(*a*) to maintain such books, accounts and records relating to their business as may be specified in the order;

(*b*) to produce such books, accounts and records for inspection and to furnish such information relating thereto to such officer or authority and at such times or in such circumstances as may be specified in the order.

22. Directions by the Central Government.—The Board shall carry out such directions as may be issued to it from time to time by the Central Government for the efficient administration of this Act.

22A. [*Exemption from liability to pay income-tax.*] *Omitted by the Finance Act*, 2002 (20 *of* 2002), *s*. 159 (*w.e.f*. 1-4-2003).

CHAPTER V

MISCELLANEOUS

23. [2][**Punishments**].—Any person who,—

(*a*) being required under this Act to produce any books, accounts or records or furnish any information, fails to produce such books, accounts or records or fails to furnish such information or

1. Ins. by Act 7 of 2017, s. 140 (w.e.f. 1-4-2017).
2. Subs. by Act 8 of 2026, s. 2 and Sch., for marginal heading (w.e.f. 23-6-2026).

furnishes information which is false, and which he either knows or believes to be false, or does not believe to be true [1][shall be liable to penalty which may extend to five crore rupees]; or

(*b*) obstructs any member or any officer or other employee of the Board or any person authorized in this behalf by the Central Government or by the Board in the exercise of any power conferred or in the discharge of any duty imposed on him by or under this Act, shall be [2][deemed to have committed an offence under section 221 of the Bharatiya Nyaya Sanhita, 2023 (45 of 2023)].

[3][**23A. Certain persons to be public servants**.—Member, officer or any other employee of the Board empowered by the Central Government, while exercising any power or performing any duty under this Act, shall be deemed to be a public servant within the meaning of clause (*28*) of section 2 of the Bharatiya Nyaya Sanhita, 2023 (45 of 2023).]

[4][**24. Adjudication of penalties.—** For the purpose of adjudicating penalties under clause (*a*) of section 23, the Central Government shall appoint an officer not below the rank of Joint Secretary to the Government of India as an adjudicating officer for holding an inquiry and imposing penalties in such manner as may be prescribed:

Provided that no such penalty shall be imposed without giving the person concerned a reasonable opportunity of being heard.

24A. Appeal.—(*1*) Every appeal against the order of the adjudicating officer under section 24, shall lie with the Appellate Tribunal referred to in section 30 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006) and the provisions contained in sections 33, 34, 35 and 36 of that Act, shall, *mutatis mutandis* apply, in relation to every such appeal.

(*2*) The provisions contained in section 37 of the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006) shall *mutatis mutandis* apply, in relation to every appeal against the order of the Appellate Tribunal referred to in sub-section (*1*).]

[5][**25. Offence or contravention by companies.—**Where an offence or a contravention under this Act has been committed by a company, every person who, at the time the offence or the contravention was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company shall be deemed to be guilty of the offence or liable for the contravention and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment or penalty, if he proves that the offence or the contravention was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence or the contravention.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence or a contravention under this Act has been committed by a company and it is proved that the offence or the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence or liable for that contravention and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

(*a*) "company" means any body corporate and includes a firm or other association of individuals; and

(*b*) "director", in relation to a firm, means a partner in the firm.]

---

1. Ins. by Act 8 of 2026, s. 2 and Sch. (w.e.f. 23-6-2026).
2. Subs. by s. 2 and Sch., *ibid*., for certain words (w.e.f. 23-6-2026).
3. Ins. by s. 2 and Sch., *ibid*. (w.e.f. 23-6-2026).
4. Subs. by s. 2 and Sch., *ibid*., for section 24 (w.e.f. 23-6-2026).
5. Subs. by s. 2 and Sch., *ibid*., for section 25 (w.e.f. 23-6-2026).

26. Jurisdiction of courts.—No court inferior to that of a Metropolitan Magistrate or a Magistrate of the first class shall try any offence punishable under this Act.

27. Previous sanction of Central Government.—No prosecution for any offence punishable under this Act shall be instituted except with the previous sanction of the Central Government.

28. Protection of action taken in good faith.—No suit, prosecution or other legal proceeding shall lie against the Central Government or the Board or any committee constituted by the Board or any member of the Board or of such committee or any officer or other employee of the Central Government or of the Board or any agent of or any other person authorised by the Central Government or the Board, for anything which is in good faith done or intended to be done under this Act or the rules made thereunder.

29. Dissolution of the Board.—(*1*) The Central Government may, if satisfied that it is necessary so to do in the public interest, direct by notification in the Official Gazette that the Board shall be dissolved from such date and for such period as may be specified in the notification.

(*2*) When the Board is dissolved under the provisions of sub-section (*1*),—

(*a*) all members, notwithstanding that their term of office has not expired, shall, from the date of dissolution, vacate their offices as such members;

(*b*) all powers and duties of the Board shall, during the period of dissolution, be exercised and performed by such person or persons as the Central Government may appoint in this behalf;

(*c*) all funds and other properties vested in the Board shall, during the period of dissolution, vest in the Central Government.

(*3*) As soon as the period of dissolution expires, the Board shall be re-constituted in accordance with the provisions of this Act.

IndiaCode

30. Act to have overriding effect.—The provisions of this Act shall have effect, notwithstanding anything inconsistent therewith contained in any enactment other than this Act.

31. Power to make rules.—(*1*) The Central Government may, by notification in the Official Gazette, make rules to carry out the purposes of this Act.

(*2*) In particular and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(*a*) the term of office and other conditions of service of members, the manner of filling vacancies among and the procedure to be followed in the discharge of their functions;

(*b*) the powers which may be exercised and the duties which shall be performed by the Secretary to the Board;

(*c*) the circumstances in which and the authority by which a member may be removed;

(*d*) the holding of minimum number of meetings of the Board every year;

(*e*) the convening of meetings of the Board and of its committees, the procedure to be followed at the meetings of the Board and of its committees for the conduct of business and the number of members which shall form quorum at a meeting;

(*f*) the maintenance by the Board of records of business transacted by the Board and the submission of copies thereof to the Central Government;

(*g*) the powers of the Board, its Chairman and other members, Secretary and committees of the Board with respect to the incurring of expenditure;

(*h*) the conditions subject to which the Board may incur expenditure outside India;

(*i*) the preparation of budget estimates of receipts and expenditure of the Board and the authority by which the estimates are to be sanctioned;

(*j*) the form and manner in which the accounts should be kept by the Board;

(*k*) the custody and investment of the funds of the Board;

(*l*) the conditions to be observed by the Board in borrowing money;

(*m*) the conditions subject to which and the manner in which contracts may be entered into by or on behalf of the Board;

(*n*) the delegation to the Chairman, Secretary or members or officers of the Board of any of the powers and duties of the Board under this Act;

(*o*) the additional measures for the promotion of which the Board may render assistance;

[1][(*oa*) the manner of holding an inquiry and imposing penalties under section 24;]

(*p*) the remuneration and other allowances payable to the person or persons referred to in clause (*b*) of sub-section (*2*) of section 29;

(*q*) the fees which the Board may charge for any assistance or services rendered by it under this Act;

(*r*) the staff which may be employed by the Board and the pay and allowances and leave and other conditions of service of officers (other than those appointed by the Central Government) and other employees of the Board;

(*s*) any other matter which is to be or may be prescribed or provided for by rules under this Act.

(*3*) Every rule made by the Central Government under this section shall be laid, as soon as may be after it is made, before each House of Parliament. while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

India Code

1. Ins. by Act 8 of 2026, s. 2 and Sch. (w.e.f. 23-6-2026).

THE SCHEDULE

[*See* section 15 (*1*)]

Sl. No.	Name of item	The maximum rate at which duty of excise may be collected
1.	2	3
1. Crude oil	. . . . .	[1][Rupees two thousand five hundred per tonne.]
2. Natural gas	. . . . .	[2][Rupees three hundred per thousand cubic meters.]

IndiaCode

1. Subs. by Act 21 of 2006, s. 73, for "Rupees two thousand per tonne" (w.e.f. 18-4-2006).
2. Subs. by Act 11 of 1987, s. 106, for "Rupees fifty per thousand cubic metres" (w.e.f. 12-5-1987).

STATEMENT OF OBJECTS AND REASONS

Following successive and steep increases in the international prices of crude oil and petroleum products since early 1973, the need for progressive self-reliance in petroleum and in petroleum based industrial raw materials has assumed great importance. It is essential that the programme for securing such self-reliance should be rapidly stepped up, and also that the necessary resources for the execution of such programmes must be assured. It is, therefore, proposed to levy by way of a cess duties of excise on crude oil and natural gas so as to create an Oil Industry Development Fund. This Fund would be used exclusively to provide financial assistance to the organisations engaged in development programmes of the oil industry in all its aspects from the exploration for, and the, production of, crude oil to its refining, further down-stream processing, distribution, marketing, etc., and research and development. To begin with, it is proposed to recover by way of a cess in the form of a duty of excise of Rs. 60 per tonne on crude oil produced in the country and delivered to the refineries. This cess will be utilised for approved schemes in the fields of oil exploration and production, and the refining, marketing and distribution of petroleum products. In due course, the scope of the Fund will be extended to cover other sectors such as the down-stream processing of petroleum feedstocks.

2. The Bill seeks to achieve the above objects. The notes on clauses appended to the Bill explain in detail the various provisions thereof.

NEW DELHI; D.K. BOROOAH.

The 10*th July*, 1974.

IndiaCode