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Assam shuns oil royalty interest

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In a move that benefits Assam and Gujarat, the Centre is paying a huge Rs 22,000 crore fund to ONGC and OIL to bear the burden of pending oil royalty to both the states.

Rs 14,698 crore will straightly go to the state (/taxonomy/term/2332) exchequers on the condition that the states will never insist on levy of Rs (/taxonomy/term/1898)7 (/taxonomy/term/1898),223 crore pending interest.

ONGC has Rs 1,404 crore outstanding for Assam as (/taxonomy/term/2291) royalties for the period between April 1, 2008 and January, 2014 where the interest liability stands at Rs (/taxonomy/term/1690)2 (/taxonomy/term/1690),868 crore. On the other hand, India (/taxonomy/term/2367) Ltd (OIL) has Rs 4,902 crore royalty for Assam with Rs 4,355 crore as (/taxonomy/term/2291) interest.

A couple of years back, Gujarat moved the court a writ petition (/taxonomy/term/2109) which asked ONGC to clear the payment of royalty on pre-discounted price (/taxonomy/term/1993). But the oil and gas (/taxonomy/term/1599) giant challenged the decision in the Supreme Court which in February 2014 granted stay.

The Assam Government followed the suit before the Gauhati High Court. The move has forced the Supreme Court to dispose of the case on February 20.

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