

Punjab cabinet nod to interest-free loan for Bathinda refinery

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The Punjab cabinet on Tuesday gave in-principle nod for interest-free loan to the Guru Gobind Singh refinery at Bathinda in a meeting chaired by Punjab chief minister Captain Amarinder Singh.

The concession was promised by the previous government as interest-free loan of Rs 250 crore per annum for the first five years amounting to Rs 1,250 crore from the date of commercial production. The refinery was commissioned in 2012.

The cabinet decided to allow a one-time adjustment of interest-free loan of Rs 1,240 crore payable to the refinery against deferred central sales tax collected by the refinery.

Finance minister Manpreet Badal, while briefing the media, said the modalities and financial implications of the move will be worked out by the industry and finance departments, which will submit their recommendations, along with the financial implications at the next cabinet meeting, scheduled for May 15.

When in opposition, Amarinder had said his party was against undue concessions being planned by the SAD-BJP government for the Bathinda refinery at a time when the project was nearing completion. "It smacks of the biggest-ever scam perpetrated in the history of Punjab and simply amounts to loot of the state exchequer," he had said as Punjab Congress chief. He had also declared to cancel the concessions on coming to power saying they did not "justify the gains in terms of jobs and revenue" to the state.

Punjab's biggest foreign direct investment, the refinery is a joint venture by the HPCL-Mittal Energy Ltd (HMEL). It had sought relief on grounds of being located at a great distance from sea ports, which would lead to increase in cost of crude oil and its marketing and huge loans taken from financial institutions.

The cabinet also approved extension of the revised agreement with Quarkcity India Pvt Ltd for a further period of seven years.

Manpreet said its extension from November 3, 2023 to November 2, 2030, is in line with the original agreement that was signed in year 2003 to create state-of-the-art industrial and urban infrastructure in the state in two phases.

The revised agreement was signed for Phase-I of the project.