

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1904
ANSWERED ON:03.08.2000
PERFORMANCE OF OIL PSUS IN FIRST QUARTER
RAMSHETH THAKUR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government are aware that public sector oil companies have showed poor results in the first quarter of current financial year;
- (b) if so, the causes therefor; and
- (c) the steps proposed to be taken by the Government to save these Public Sector Undertakings of the Oil Sector?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): The Public Sector Oil marketing companies & refineries have reported decline in their profits during the first quarter of the current financial year as compared to the corresponding period in the years, 1999-2000. The reasons for decline in profits, inter-alia, include increase in input costs on account of steep rise in prices of crude oil in international markets, depressed refining margins, high inventory costs, high interest rates and depreciation costs etc. Further, they had no adventitious gains as in 1st quarter of 1999-2000. The oil and gas exploration companies namely Oil and Natural Gas Corporation Ltd., Oil India Ltd., as also Gas Authority of India Ltd have, however, reported better financial results in the first quarter of the current financial year. Neither the Oil PSUs nor the Government have any mechanism to control and influence the prices of crude oil and petroleum products in the international markets though this element impacts the financial performance of oil PSUs. The Government have, however, taken a number of steps to improve the performance of the Oil Sector companies. These, inter-alia, include improvement in productivity, various cost control measures, reducing cost of borrowing etc. Government constantly monitors the performance of Oil companies. The process of review of their performance is a continuous one.