

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

STARRED QUESTION NO:158

ANSWERED ON:26.02.2009

PROMOTION OF BRANDED FUELS

Rajbhar Shri Chandra Dev Prasad;Vijay Krishna Shri

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

- (a) whether oil companies are incurring huge expenditure on advertisements for promoting branded-fuels only;
- (b) if so, the details thereof for the last three years;
- (c) whether the same companies are claiming huge losses in the sale of oil;
- (d) if so, the reaction of the Government thereto;
- (e) whether complaints have been received about petrol pumps in certain parts of the country not keeping stock of normal petrol and promoting the customers to switch to branded fuels;
- (f) if so, the details thereof; and
- (g) the action taken against the erring dealers?

Answer

MINISTER OF PETROLEUM & NATURAL GAS(SHRI MURLI DEORA)

(a) to (g) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF THE LOK SABHA STARRED QUESTION NO. 158 ASKED BY SHRI CHANDRA DEV PRASAD RAJBHAR AND SHRI VIJOY KRISHNA TO BE ANSWERED ON 26.02.2009 REGARDING PROMOTION OF BRANDED FUEL:

(a) & (b): Oil Marketing Companies (OMCs) in the Public Sector namely, Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) have been incurring expenditure for creating awareness and promoting branded fuels through advertisements in mass media. The details of the expenditure incurred on advertisements promoting branded fuels by the OMCs during the last three years, i.e. 2005-06, 2006-07 and 2007-08 are Rs. 55.09 crore, Rs. 82.77 crore and Rs. 90.12 crore respectively.

(c): OMCs declared a combined loss of Rs 11,094 crores during the period April to December, 2008 and their financial position continues to be difficult. The under-recoveries on the sale of four sensitive petroleum products viz. High Speed Diesel, Motor Spirit, Public Distribution System Superior Kerosene Oil and Domestic Liquefied Petroleum Gas are projected to be Rs 103,908 crores during the current financial year.

(d): The branded fuel reduces carbon monoxide and hydrocarbon emissions considerably, improves engine performance and also improves fuel economy. Branded fuel substantially reduces the deposits on intake valve in the engine, leading to lower maintenance cost and better drivability and pick-up and giving the advertisement for sale of branded fuel is a normal business activity for promoting the business.

(e) to (g): OMCs have not stopped supply of ordinary petrol and diesel forcing the consumers to buy much costlier premium brands of fuel. OMCs have also reported that they ensure the availability of both ordinary and branded variants of petrol and diesel at Retail Outlets (ROs) in the country at all times. OMCs are supplying ordinary and premium brands of petrol and diesel to the Retail Outlet Dealers as per their indents. The purchase of premium fuels is as per the consumer's choice between ordinary petrol and diesel and premium fuels.