

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

STARRED QUESTION NO:108

ANSWERED ON:04.03.2010

CASH SUBSIDY TO OIL PSUS

Reddy Shri Magunta Srinivasulu;Yadav Shri Sharad

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

(a) whether the Government proposes to provide cash subsidy to the oil Public Sector Undertakings (PSUs) to compensate their losses for selling fuel at below market prices;

(b) if so, the details thereof; and

(c) the extent to which the projected losses of these oil PSUs are likely to offset by the proposed cash subsidy?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a)to(c): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No. 108 asked by Shri Magunta Sreenivasulu Reddy and Shri Sharad Yadav to be answered on 4th March, 2010 regarding "Cash Subsidy to Oil PSUs."

(a)to(c): During the year 2009-10 (April-December 2009), the public sector Oil Marketing Companies (OMCs) namely IOCL, BPCL and HPCL have incurred under-recoveries of Rs.29,353 crore on the sale of Petrol, Diesel, PDS Kerosene and Domestic LPG. The product-wise details are as follows:

Under-recoveries on sensitive products

(Rs.crore)

Product    April-December2009

Petrol    3,299

Diesel    5,065

Total    8,364

PDS Kerosene    12,560

Domestic LPG    8,429

Total    20,989

Grand Total    29,353

The under-recoveries on Petrol and Diesel have been met by the upstream oil PSUs namely ONGC, OIL and GAIL. These upstream

PSUs have contributed Rs.8,364 crore through price discounts on crude oil and products to the OMCs.

For the under-recoveries on PDS Kerosene and Domestic LPG, Ministry of Petroleum & Natural Gas had approached the Ministry of Finance for assistance of Rs.20,989 crore. The Ministry of Finance has confirmed a cash assistance of Rs.12,000 crore as the share of the Government towards the under-recoveries.

The total under-recovery burden for the year 2009-10 is projected to be Rs.45,401 crore. While the under-recoveries of Petrol and Diesel will be compensated by the upstream oil PSUs, for the full compensation of under-recoveries on PDS Kerosene and Domestic LPG, the Ministry of Petroleum & Natural Gas is in constant touch with the Ministry of Finance.