

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

UNSTARRED QUESTION NO:1175

ANSWERED ON:04.03.2010

DECLINE IN REFUND OF STATE RUN OIL MARKETING COMPANIES

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

(a) whether the Ministry of Finance had declined to refunding State-run oil marketing companies for selling cooking fuels below market rate; and

(b) if so, the measures taken by the Ministry of Petroleum and Natural Gas in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

(a)to(b): During the year 2009-10 (April-December 2009), the Public Sector Oil Marketing Companies (OMCs), viz., Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited have incurred the following under-recoveries on the sale of PDS Kerosene and Domestic LPG:

Rs. crore

April-December 2009

PDS Kerosene 12,560

Domestic LPG 8,429

Total 20,989

The Government has been following a Burden Sharing Mechanism, to ensure that the burden of under-recoveries is equitably shared by all the stakeholders; namely the Government, the Public Sector Oil Companies and the consumers in the following manner:

# Government through issue of Oil Bonds/Cash Subsidy

# Domestic upstream oil companies through price discounts to OMCs

# OMCs to bear a portion of the under recoveries and

# Consumers to bear minimal price increases.

Under the abovesaid mechanism, Ministry of Finance have confirmed a budgetary support of Rs.12,000 crore as the share of the Government towards meeting the under-recoveries for the entire year 2009-10.

Ministry of Petroleum and Natural Gas is in constant touch with the Ministry of Finance for the grant of subsidy assistance for the OMCs' under-recoveries on PDS Kerosene and Domestic LPG.