

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

UNSTARRED QUESTION NO:164
ANSWERED ON:02.07.2009
LOSSES TO OIL COMPANIES
Khairi Shri Chandrakant Bhaurao

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

- (a) whether the petroleum marketing companies are incurring losses in sale of petroleum products, in the country;
- (b) if so, the details thereof, company-wise;
- (c) the steps taken by the Government to curtail losses of these companies;
- (d) whether the Government plans to minimise effect of such steps on the common man and inflation;and
- (e) if so, the details thereof?

Answer

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

(a) & (b) : Yes, Madam. Based on the Refinery Gate Prices applicable for 1st July, 2009, the Public Sector Oil Marketing Companies (OMCs), namely, Indian Oil Corporation, Hindustan Petroleum Corporation and Bharat Petroleum Corporation are incurring under-recoveries of Rs.5.82 per litre on Petrol, Rs.3.62 per litre on Diesel, Rs.15.26 per litre on PDS Kerosene and Rs.92.96 per 14.2 kg Domestic LPG cylinder.

(c) to (e) : Since passing on the entire impact of the increase in the oil prices to the consumers would have resulted in a steep increase in the domestic prices, the Government has been following an equitable Burden Sharing Mechanism, to ensure that the burden of under-recoveries is shared by all the stakeholders; namely the Government, the Public Sector Oil Companies and the consumers.

During 2008-09, Government issued Oil Bonds of Rs.71,292 crore to the OMCs while the Upstream Oil PSUs, viz. ONGC, OIL and GAIL contributed Rs.32,000 crore in price discounts on crude oil and petroleum products.

The Government is closely monitoring the international oil price situation and will continue to take appropriate decisions to protect the interest of the consumers particularly the poorer and vulnerable sections of society.