

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

UNSTARRED QUESTION NO:6672  
ANSWERED ON:06.05.2010  
OIL BONDS  
Meghe Shri Datta Raghobaji

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

- (a) whether the Government proposes to issue Oil Bonds to meet the loss suffered by oil companies,
- (b) if so, the details thereof;
- (c) whether loss making oil companies have made any efforts to find out any other measures to meet their losses; and
- (d) if so, the details thereof?

**Answer**

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

(a)to(d): As the retail selling prices of the sensitive petroleum products namely, Petrol, Diesel, PDS Kerosene and Domestic LPG are not being maintained in line with the international oil prices, the Public Sector Oil Marketing Companies (OMCs), viz., Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) incur under-recoveries on the sale of these petroleum products. To protect the interest of the common man, the Government has been following an equitable Burden Sharing Mechanism, to ensure that the burden of under-recoveries is shared by all the stakeholders.

Under the said Burden Sharing Mechanism, the under-recoveries of the OMCs have been compensated as per the details given below:

(Rs.Crore)

2006-07    2007-08    2008-09

Total Under-recovery of OMCs    49,387    77,123    1,03,292

Oil Bonds issued by the Government    24,121    35,290    71,292

Assistance given by the PSU Upstream Oil Companies    20,507    25,708    32,000

Borne by OMCs    4,159    16125    Nil

During the year 2009-10, the OMCs have incurred under-recoveries of Rs.46,051 crore. Ministry of Finance has released budgetary support of Rs.12,000 crore as the share of the Government towards meeting the under-recoveries for the year 2009-10. The PSU Upstream Oil Companies have also contributed Rs.8,364 crore to the OMCs for their under-recoveries on Petrol and Diesel by way of discount on crude/products during the first three quarters of 2009-10. Ministry of Petroleum and Natural Gas has requested Ministry- of Finance to provide a further cash assistance of Rs. 19,620.95 crore to fully compensate the OMCs`under-recoveries on PDS Kerosene and Domestic LPG during 2009-10.

As per the above Burden Sharing Mechanism, the OMCs have not reported any loss during the years 2006-07 to 2008-09 and 2009-10 (April-December 2009).