

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

STARRED QUESTION NO:166  
ANSWERED ON:05.08.2010  
UNDER-RECOVERIES OF OMCS  
Anandan Shri K.Murugeshan,Sule Supriya

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

- (a) the under-recoveries of each public sector Oil Marketing Companies (OMCs) on sale of sensitive petroleum products during the last three years;
- (b) the budgetary support provided by the Government under the burden sharing mechanism towards under-recoveries incurred by the OMCs during the said period;
- (c) whether upstream oil Public Sector Undertakings have also to provide fuel subsidy to the tune of Rs.6,690.68 crore to make up for the under-recoveries incurred by the OMCs in the first quarter of the current fiscal;
- (d) if so, the details thereof; and
- (e) the extent to which the budgetary support from the Government as well as the fuel subsidy by the upstream oil companies would compensate the OMCs for the accumulated under-recoveries for the above period?

**Answer**

MINISTER OF PETROLEUM AND NATURAL GAS(SHRI MURLI DEORA)

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

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 166 asked by Shri M. Anandan and Shrimati Supriya Sule to be answered on 5th August, 2010 regarding "Under-recoveries of OMCs."

(a): The details of the under-recoveries incurred by the Public Sector Oil Marketing Companies (OMCs); namely Indian Oil Corporation (IOC), Hindustan Petroleum Corporation (HPC) and Bharat Petroleum Corporation (BPC) on the sale of sensitive petroleum products i.e. Petrol, Diesel, PDS Kerosene and Domestic LPG during the last three years are as below:

	(Rs. Crore)		
OMCs	2007-08	2008-09	2009-10
IOC	42970	58446	25879
HPC	16230	21311	10040
BPC	17923	23535	10132
Total	77123	103292	46051

# Gross under-recoveries exclusive of assistance from upstream oil companies and oil bonds/cash assistance.

(b): The details of budgetary support provided by the Government under the burden sharing mechanism towards under-recoveries in the form of Oil Bonds / Cash assistance to the OMCs during the last three years are as under:

(Rs. Crore)

2007-08 2008-09 2009-10

Oil Bonds/Cash 35290 71292 26000  
Assistance by  
Government

Note: 1. For the year 2009-10, Government has confirmed cash assistance of Rs.26000 crore, out of which Rs.12,000 crore have been released to the OMCs so far.

2. The above figures do not include the Fiscal Subsidy given by the Government under the 'PDS Kerosene and Domestic LPG Subsidy Scheme 2002'.

(c)&(d): Out of the total under-recovery for April-June, 2010 amounting to Rs.20,072 crore on the sale of sensitive petroleum products i.e. Petrol (up to 25th June, 2010), Diesel, PDS Kerosene and Domestic LPG, 1/3rd under-recovery amounting to Rs.6690.68 crore has been compensated by the upstream oil companies, namely Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL) and GAIL (India) Limited (GAIL) through price discounts on crude/products under the burden sharing mechanism to the OMCs, as per the details given below:

(Rs. Crore)

Upstream Companies Discount/Subsidy

ONGC 5515.54  
OIL 729.66  
GAIL 445.48  
Total 6690.68

(e): The extent of compensation provided to the OMCs by the Government and assistance from PSU upstream oil companies are as under:

(Rs. Crore)

Particulars 2007-08 2008-09 2009-10 2010-11  
(April-June  
2010)

(a) Total Under 77123 103292 46051 20072  
recovery

Compensation through:

(b) Oil Bonds/Cash 35290 71292 26000 00

Assistance by  
Government

(c) Assistance from 25708 32000 14430 6691  
PSU Upstream Oil  
Companies

(d) Total Assistance 60998 103292 40430 6691

(b+c)

Under-recovery 16125 0.00 5621 13381#

borne by OMCs

(a-d)

# Ministry of Petroleum and Natural Gas has moved Ministry of Finance to sanction this amount as Government's contribution under the Burden Sharing Mechanism.