

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

UNSTARRED QUESTION NO:2019
ANSWERED ON:05.08.2010
COMPENSATION TO OMCs
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the under-recoveries incurred by the Public Sector Oil Marketing Companies (OMCs) on selling of cooking fuel below market rate during the past three years and the current year, company-wise;
- (b) the amount of compensation provided by the Government to these OMCs under Burden Sharing Mechanism to makeover their losses during each of the last three years;
- (c) whether the oil Public Sector Undertakings (PSUs) have demanded more compensation from the Government; and
- (d) if so, the details thereof alongwith the reaction of the Government thereon?

Answer

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

(a): The under-recoveries incurred by Public Sector Oil Marketing Companies (OMCs) namely, Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPC) and Hindustan Petroleum Corporation (HPC) on selling of Domestic LPG and PDS Kerosene during the last three years and the current year are as under-

(Rs./crore)
2007-08 2008-09 2009-10 2010-11
(April-June)

A. Domestic LPG

IOC	7,893	8,853	7,197	2,537
BPC	3,906	4,460	3,567	1,280
HPC	3,724	4,287	3,493	1,281
Total	15,523	17,600	14,257	5,098

B. PDS Kerosene

IOC	12,410	18,273	11,254	3,260
BPC	3,103	4,612	2,837	824
HPC	3,589	5,340	3,273	937
Total	19,102	28,225	17,364	5,021

Grand Total 34,625 45,825 31,621 10,119

(b): The details of the under-recoveries incurred by OMCs on the sale of sensitive petroleum products viz. Petrol, Diesel, PDS Kerosene and Domestic LPG and the compensation provided to the OMCs under the burden sharing mechanism by the Government

and Public Sector upstream oil companies for the last three years and the current year are given below.

(Rs./crore)
Particulars 2007-08 2008-09 2009-10 2010-11
(April-June)

Total Under recovery 77123 103292 46051 20072

Compensation through:

(a) -Oil Bonds/Cash 35290 71292 26000# 0
Assistance by
Government

(b) - Upstream 25708 32000 14430 6691
assistance

Total Assistance 60998 103292 40430 6691

Under recovery 16125 0 5621 13381

borne by OMCs

Out of Rs.26,000 crore, Rs.12,000 crore have been released to the OMCs.

(c)to(d): It was decided in the meeting of the Empowered Group of Ministers held on 25.6.2010 that the burden sharing mechanism for 2010-11 will be decided by the Ministry of Petroleum & Natural Gas in consultation with the Ministry of Finance. Accordingly, Ministry of Finance has been requested for providing financial support of Rs.13,381 crore for meeting the balance under-recoveries of the OMCs during the 1st Quarter of 2010-11.