

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

UNSTARRED QUESTION NO:2309
ANSWERED ON:10.03.2011
SUBSIDY ON PETROLEUM PRODUCTS
Siddeswara Shri Gowdar Mallikarjunappa

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

the details of subsidy provided by the Government on petroleum products during the last three years and current year?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH)

Since 2004-05, the Government has been providing a subsidy of Rs.0.82 per litre on PDS Kerosene and Rs. 22.58 per cylinder on Domestic LPG (at 1/3rd level of the rate for 2002-03) from the budget under the "PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" to the Public Sector Oil Marketing Companies (OMCs). The details of the subsidy provided by the Government under the said Scheme to the OMCs during the last three years and current year are given below:

(Rs. crore)

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

Subsidy on PDS Kerosene and Domestic LPG	2,641	2,688	2,770	2,050
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In addition to the above subsidy, the OMCs are compensated for the under-recoveries on sale of PDS Kerosene, Domestic LPG and Diesel. Prior to implementation of market determined pricing for Petrol effective 26.06.2010, the OMCs were also being compensated for under-recovery on Petrol.

Under the burden sharing mechanism being followed, these under-recoveries are shared by the Government and the Public Sector Oil Companies. The details of under-recoveries incurred by the OMCs and the sharing thereof during the last three years and current year (April-December 2010) are given below:

(Rs. crore)

	2007-08	2008-09	2009-10	2010-11
	(April-December 2010) #			

Total Under-recovery on sensitive petroleum products	77,123	1,03,292	46,051	46,963
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Burden sharing through:

- Oil Bonds/Cash Assistance by Government	35,290	71,292	26,000	21,000 #
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- Upstream assistance	25,708	32,000	14,430	15,654
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- Under-recovery absorbed 16,125 Nil 5,621 10,309
by OMCs/ unmet gap

Burden Sharing Mechanism for 2010-11 is yet to be finalised ## Under-recovery on Petrol is included only upto 25.6.2010. #
Budgetary Support announced so far.