

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

UNSTARRED QUESTION NO:2961
ANSWERED ON:18.08.2011
DISINVESTMENT OF STAKES IN IOC
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government propose to disinvest some portion of its stakes in Indian Oil Corporation (IOC);
- (b) if so, the details thereof along with the reasons therefor; and
- (c) the steps taken to contain the losses of IOC and to increase its profits?

Answer

Minister of State in the Ministry of PETROLEUM & NATURAL GAS (SHRI R.P.N.Singh)

- (a) & (b): No decision has been taken at this stage to disinvest some portion of the Government stake in Indian Oil Corporation (IOC).
- (c) Apart from the Upstream Oil Companies, such as, ONGC, OIL and GAIL sharing the under recoveries burden of Oil Marketing Companies (OMCs), including IOC, Government has been providing cash compensation to the OMCs. IOC have also taken the following steps to contain its losses and to increase its profits:-
1. Use of gas as fuel in the refineries.
 2. Improving the efficiency of various equipment, thereby conserving the use of energy and their down time for improved performance.
 3. Best upkeep of the refineries plant and machinery, thereby ensuring optimum level of throughput which helps in increasing throughput and reducing fuel and loss, thereby improving profitability.
 4. There has been steady sales growth achieved by the Company which reduces the marketing cost per unit of sales leading to higher profit.
 5. IOC has been raising funds in the international and domestic market at the minimum rate of interest thereby keeping the financing cost of the borrowings at the most economic level.

Besides the above, Public Sector Oil Companies consistently take measures to cut their costs and optimize expenditure.