

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

UNSTARRED QUESTION NO:3702

ANSWERED ON:25.08.2011

FUEL SUBSIDY

Choudhry Smt. Shruti; Sugumar Shri K.

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

- (a) whether Gas Authority of India Limited (GAIL) seeks exemption from payment of fuel subsidy;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

Answer

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

(a) to (c): Under the burden sharing mechanism being followed for compensation of the under-recoveries of Public Sector Oil Marketing Companies on sale of Diesel, PDS Kerosene and Domestic LPG, the under-recoveries are shared by all the stakeholders in the following manner:

- (i) Government through cash assistance;
- (ii) Public sector upstream oil companies namely, Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL) and GAIL (India) Limited (GAIL) by way of price discount on Crude oil and products. GAIL bears the burden of under-recovery on sale of PDS Kerosene and Domestic LPG only;
- (iii) Public Sector Oil Marketing Companies, by absorbing a part of the under-recoveries.

GAIL (India) Limited has requested to review the burden sharing mechanism and keeping it outside the category of "Upstream Oil Companies" so that it is not considered for subsidy sharing, on the ground that unlike upstream Exploration & Production Companies such as ONGC & OIL, it is not benefited by rising crude and petroleum prices.