

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

UNSTARRED QUESTION NO:537

ANSWERED ON:24.11.2011

DEBT EQUITY RATIO OF PUBLIC SECTOR OIL COMPANIES

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

- (a) the current debt equity ratio and the current market borrowings of the public sector oil companies alongwith the trend over last twelve quarters;
- (b) outstanding payments due to these companies from Government over subsidies alongwith the average period of delay in clearance of subsidy payment and the reasons therefor;
- (c) the extent to which this has effected the debt equity ratio of these companies alongwith the trend of interest rates at which they borrowed over last twelve quarters and the impact of higher debt equity ratio on these rates;
- (d) the current cash reserves of these companies and the extent up to which these reserves are sufficient to meet their operating expanses and non-planned expenditure;
- (e) if so, the details of the current cash reserves alongwith the trend over the last twelve quarters;
- (f) total amount of crude oil required by them to operate the refineries at full capacity; and
- (g) the extent up to which cash crunch is preventing them from making full utilisation of its fixed assets?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI S. JAIPAL REDDY)

(a) Current Debt Equity Ratio (DER) and the current market borrowings of the major public sector oil companies (PSUs) is at Annexure-I.

(b) The payment receivable by major PSUs from the Government towards cash assistance for compensation of under recoveries is given in the table below.

(Rs. In crores)

Name of the Company	Amount due as on 4.08.2011	Amount due as on 16.11.2011	Status of release of Government assistance
Oil & Natural Gas Corporation Limited	8200.85	16437.47	Not yet released

Oil & Natural
Gas Corporation
Limited

Oil India
Limited

Indian Oil 8200.85 16437.47 Not yet released

Corporation
Limited

Hindustan 3274.69 6558.21 Not yet released
Petroleum
Corporation
Limited

Bharat 3524.46 7004.32 Not yet released
Petroleum
Corporation
Limited

GAIL India
Limited

(c) Interest rates on the borrowings of major Oil Marketing PSUs for last twelve quarters is at Annexure-II.

Increase in borrowing is resulting in higher interest burden and higher DER. Due to high level of borrowings and worsening DER, it is becoming increasingly difficult for the companies to borrow at competitive interest rates.

(d) & (e): Details of the Cash Reserves alongwith the trend over the last twelve quarters is at Annexure-III.

(f) & (g): The total amount of crude oil required by Oil Marketing Companies (OMC) to operate their Refineries at full capacity is given hereunder:-

Name of OMC Amount of Crude Oil Required(MMT Per Annum)

Indian Oil Corporation 54.20
Limited

Hindustan Petroleum 16-16.5
Corporation Limited

Bharat Petroleum 21.5
Corporation Limited

The Companies are purchasing crude oil with the help of borrowings to operate at planned capacities and making full utilization of fixed assets.