

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

UNSTARRED QUESTION NO:2355
ANSWERED ON:08.12.2011
DEBT OF HPCL
Singh Alias Pappu Singh Shri Uday

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

- (a) whether Hindustan Petroleum Corporation Ltd. (HPCL) had a debt of 31,000 crore on its books as on September, 2011 and is due to hit the borrowing limit of `35,000 crore beyond which banks would not lend it any more capital or loans;
- (b) if so, the reasons therefor;
- (c) whether Government intends to come to the rescue of the Corporation so that it can purchase crude oil from the international market; and
- (d) the steps proposed to be taken by the Government to envisage that the Corporation becomes financially sound in the coming years?

Answer

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

- (a)&(b): HPCL had a total debt of 31253.30 crores in its books, as on 30.09.2011. The debt has increased due to continued under-recoveries and the Corporation is borrowing funds from banks/financial institutions to meet the requirement.
- (c)&(d): The Public Sector Oil Marketing Companies (OMCs) namely, Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) are selling Diesel, PDS Kerosene and Domestic LPG below their desired retail selling price and are incurring under-recovery on the sale of these petroleum products. To compensate these under-recoveries and protect the financial health of OMCs, the Government is following a burden sharing mechanism under which the Public Sector Upstream Oil Companies have contributed 21,633 crore and Government has confirmed budgetary support of 30,000 crore to the OMCs during the 1st half of the financial year 2011-12.