

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

UNSTARRED QUESTION NO:2418
ANSWERED ON:08.12.2011
SUBSIDY TO PETROLEUM COMPANIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the subsidy provided in the petroleum sector is mainly collected from three sources in the country;
- (b) if so, the details thereof alongwith the names of such sources;
- (c) the details of subsidy collected during the last three years and the current year, source-wise; and
- (d) the amount of subsidy disbursed to oil companies during the said period, date-wise?

Answer

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

(a)to(d): The Government is providing fiscal subsidy of 0.82 per litre on PDS Kerosene and 22.58 per cylinder on Domestic LPG 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)

	2008-09	2009-10	2010-11	2011-12
				(April-September,2011)

Subsidy on PDS	2,688	2,770	2,904	1,429
Kerosene and Domestic				
LPG				

In addition to the above subsidy, the OMCs are being compensated for the under-recoveries on the sale of Petrol (up to 25th June 2010), Diesel, PDS Kerosene and Domestic LPG through a Burden Sharing Mechanism in the following manner:

Government through issue of Oil Bonds/Cash Subsidy

Domestic upstream oil companies through price discounts to OMCs

OMCs to bear a portion of the under recoveries

The details of under-recoveries incurred by OMCs and the sharing thereof during the last three years and current year are given below:-

(Rs.crore)

Year	2008-09	2009-10	2010-11	2011-12
				(April-September,2011)

A Total under-	1,03,292	46,051	78,190	64,900
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recoveries

B Budgetary 71,292 26,000 41,000 30,000
support by
government
oil Bonds/
Cash assistance

C Upstream Discount 32,000 14,430 30,297 21,633
Discount on cru-
de and product

D Under-recovery Nil 5,621 6,893 13,267
absorbed by OMCs
U/R absorbed by
OMCs