

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

UNSTARRED QUESTION NO:2737
ANSWERED ON:29.03.2012
SUBSIDY BURDEN ON ONGC
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the subsidy burden of Oil and Natural Gas Corporation (ONGC) has been hiked;
- (b) if so, the comparative details thereof during the last four years; and
- (c) the steps being taken to reduce such subsidy burden of ONGC?

Answer

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

(a) & (b): In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling price (RSP) of the sensitive petroleum products viz. Diesel, PDS Kerosene and Domestic LPG resulting in incidence of under-recoveries to the Oil Marketing Companies (OMCs). Under the burden sharing mechanism, these under-recoveries are being shared by all 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.

(iii) Public Sector Oil Marketing Companies, by absorbing a part of the under-recoveries.

The details of under-recovery incurred by the OMCs vis-à-vis the burden sharing by upstream companies including ONGC since 2007-08 are as under:

Year	Total Under-recovery ` crore	Burden Sharing by Upstream Sector crore	Burden Sharing by ONGC percentage	Burden Sharing ` crore	Burden Sharing percentage
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2007-08	77123	25708	33%	22001	29%
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2008-09	103292	32000	31%	27374	27%
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2009-10	46051	14430	31%	11554	25%
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2010-11	78190	30297	39%	24893	32%
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2011-12 (up to Dec.'11)#	97313	36894	38%	30296	31%
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Provisional

(c): The extent of sharing by Public Sector Upstream Oil Companies, inter alia, depends on the quantum of total under-recoveries incurred by OMCs and the burden sharing formula finalized by the Government.