

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

UNSTARRED QUESTION NO:4567

ANSWERED ON:03.05.2012

FUEL SUBSIDY

Venugopal Shri P.

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

- (a) whether the Government has asked upstream oil companies to share more in fuel subsidy;
- (b) if so, the details thereof;
- (c) whether these companies have agreed to the proposal of the Government; and
- (d) if so, the details thereof?

Answer

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

(a) to (d): In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government has been modulating the retail selling price (RSP) of the sensitive petroleum products viz. Petrol (decontrolled w.e.f. 26.6.2010), Diesel, PDS Kerosene and Domestic LPG resulting in incidence of under-recoveries to the Oil Marketing Companies (OMCs). The Government has evolved a Burden Sharing Mechanism since 2003-04 to ensure that the burden of under-recoveries incurred by OMCs is shared by all the stakeholders.

(i) Government through Oil Bonds/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 since 2009-10 are given below:-

(Rs crore)

Year	Total	Under-recovery	Burden Sharing by Upstream Sector	
	Rs crore	Rs crore	percentage	
2009-10	46,051	14,430	31%	
2010-11	78,190	30,297	39%	
2011-12 (up to Dec.'11)	97,313	36,894	38%	

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 Ministry of Finance in consultation with Ministry of Petroleum and Natural Gas.