

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

STARRED QUESTION NO:272

ANSWERED ON:30.08.2012

LOSSES OF OMCS

Ray Shri Rudramadhab ;Viswanathan Shri P.

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

(a) the details of the losses incurred by the Oil Marketing Companies (OMCs) during the first quarter of the current financial year, OMC-wise along with the details of losses/profits earned by them during each of the last three years, quarter-wise;

(b) the austerity measures adopted to cut down the expenditure including the perks and perquisites facilities provided to the officers of the OMCs during the said period;

(c) whether the OMCs have requested the Government to reverse the price deregulation regime so as to make up revenue loss on sale of petrol; and

(d) if so, the reaction of the Government thereto?

Answer

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

(a) to (d): A statement is laid on the Table of House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 272 asked by Shri Rudra Madhab Ray and Shri P. Viswanathan to be answered on 30th August, 2012 regarding "Losses of OMCs".

(a): The quarter wise details of profit / loss reported by the Public Sector Oil Marketing Companies (OMCs) viz. Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) since 2009-10 are as under:

Details of Profit/ (Losses) reported by OMCs since 2009-10

Period	(Rs crore)				
	IOCL	BPCL	HPCL	Total	
1st Quarter	3,682.83	614.12	649.12	4,946.07	
2nd Quarter	284.36	(-)158.77	(-)136.68	(-)11.09	
2009-10 3rd Quarter	696.59	379.09	31.40	1,107.08	
4th Quarter	5,556.77	703.18	757.53	7,017.48	
Total	10,220.55	1,537.62	1,301.37	13,059.54	
1st Quarter	(-)3,388.39	(-)1,718.10	(-)1,884.29	(-)6,990.78	
2nd Quarter	5,293.95	2,142.22	2,089.61	9,525.78	
2010-11 3rd Quarter	1,634.76	187.38	211.03	2,033.17	
4th Quarter	3,905.16	935.18	1,122.66	5,963.00	
Total	17,445.48	1,546.68	1,539.01	10,531.17	
1st Quarter	(-)3,719.00	(-)2,562.00	(-)3,080.26	(-)9,361.26	
2nd Quarter	(-)7,485.55	(-)3,229.27	(-)3,364.48	(-)14,079.30	
2011-12 3rd Quarter	2,488.44	3,139.60	2,725.18	8,353.22	
4th Quarter	12,670.43	3,962.83	4,630.99	21,264.25	
Total	3,954.32	1,311.16	911.43	6,176.91	
2012-13					
1st Quarter	(-)22,450.95	(-)8,836.75	(-)9,248.80	(-)40,536.50	

Source - published results of the OMCs

(b): The OMCs have adopted austerity measures in line with the guidelines issued by the Government from time to time. As regards the facilities provided to the officers of the OMCs, it is being governed by the guidelines issued by the Department of Public Enterprises.

(c) & (d): In the light of the recommendations made by the Expert Group set up to advise on a viable and sustainable system of pricing of petroleum products under the Chairmanship of Dr. Kirit S. Parikh, the price of Petrol has been made market-determined both at the Refinery Gate and at the Retail Level with effect from 26th June, 2010. Since then, the OMCs take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions. Even after implementation of the market-determined pricing, OMCs have been making revision in price of Petrol in a guarded manner, at times, absorbing a part of under-recovery themselves. The details of revision of price of Petrol since 24.05.2012 are as under:-

Revision on Petrol Prices since 24.05.2012

(Price in Rs/litre as per IOCL at Delhi)

S. No. Date Revised RSP# Increase/
Remarks

(Rs/litre) Decrease

1	24.05.2012	73.18	7.54	Increase in RSP
2	03.06.2012	71.16	(-)2.02	Reduction in RSP
3	18.06.2012	70.24	(-)0.92	Rebate in VAT at Delhi
4	29.06.2012	67.78	(-)2.46	Reduction in RSP
5	24.07.2012	68.48	0.70	Increase in RSP
6	01.08.2012	68.46	(-)0.02	Revision in siding Shunting charges

Net increase since 01.04.12 2.82

RSP- Retail Selling Price.

In spite of these revisions, OMCs have incurred under-recovery of ` 2100 crore on sale of Petrol during the first quarter ended June, 2012. IOCL has reported that under recovery on sale of Petrol has gone from ` 1.37 per litre in the first fortnight of August, 2012 to ` 3.85 per litre in the second fortnight effective from 16.8.2012.

In order to mitigate losses on sale of Petrol, OMCs had, inter alia, suggested to the Government to either declare Petrol as a 'regulated' product temporarily and provide cash compensation for the under-recovery or reduce the Excise Duty on Petrol from ` 14.78 per litre by an amount equivalent to the under-recovery on Petrol. In order to offset, the under recovery on Petrol, the Ministry of Petroleum & Natural Gas has taken up the matter with the Ministry of Finance for bringing down the incidence of Excise Duty.