

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

UNSTARRED QUESTION NO:293

ANSWERED ON:23.11.2012

LOSSES OF OMCS

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

- (a) the losses or under-recoveries reported by the Oil Marketing Companies (OMCs) during the last three years and the current year, till date;
- (b) the amount of subsidy provided to the OMCs by the Government and the subsidy burden borne by upstream oil companies during the said period;
- (c) whether the Government has decided not to reimburse the OMCs for their losses citing the accounting process outdated and non-transparent and has ordered scrutiny of their accounts;
- (d) if so, the details thereof; and
- (e) the steps being taken by the Government to check the losses or under-recoveries of the OMCs?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT.PANABAACA LAKSHMI)

(a)&(b): The details of under-recovery incurred by the Public Sector Oil Marketing Companies (OMCs) and the burden sharing through by the Government and upstream companies since 2009-10 are given under:

Under-recovery and Burden Sharing

(Rs crore)

Year	Total Under-recovery incurred by OMCs	Cash Assistance by the Government	Discount by the Upstream companies	Balance under-recovery absorbed by the OMCs
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2009-10	46,051	26,000	14,430	5,621
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2010-11	78,190	41,000	30,297	6,893
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2011-12	1,38,541	83,500	55,000	41
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Apr-Sep'12	85,586	30,000	30,170	25,417
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interim budgetary support

unmet under-recovery

(c)&(d): The Ministry of Finance has recently confirmed interim budgetary support of rs 30,000 crore to the OMCs as share of the Government towards compensation of under recoveries for the year 2012-13.

(e): In view of the alarming situation, arising out of projected massive under-recoveries of the OMCs during 2012-13 on account of high international crude oil prices and sharp depreciation of Indian Rupee against US Dollar, Government took the following decisions on 13th September, 2012:-

- i. Increase in price of Diesel by rs 5 per litre excluding VAT. Out of this, rs 1.50 per litre is on account of increase in Excise Duty.
- ii. Restrict the supply of subsidized domestic LPG cylinders to each consumer at 6 cylinders (of 14.2 Kg) per annum. The number of subsidized LPG cylinders available to each consumer in the remaining part of the current financial year will be 3 cylinders.