

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

UNSTARRED QUESTION NO:5087
ANSWERED ON:26.04.2013
OIL SUBSIDY BILL
Sugumar Shri K.

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

- (a) whether the oil subsidy bill for the next fiscal is likely to be understated;
- (b) if so, the details thereof;
- (c) whether oil subsidy amounting to Rs.32,000 crore is to be reimbursed to oil marketing companies;
- (d) if so, the details thereof company-wise; and
- (e) the steps taken by the Government to clear the said subsidy burden during the current fiscal?

Answer

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

(a): No, Madam.

(b): Does not arise.

(c) & (d): 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 (Retail), PDS Kerosene and Subsidized Domestic LPG resulting in incidence of under-recoveries to the Public Sector Oil Marketing Companies (OMCs). These under-recoveries incurred by the OMCs are being compensated through 'Burden Sharing Mechanism' 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 assistance given by the Government and assistance given by upstream companies in terms of discount on crude oil and petroleum products during the last three years are given below.

Year	(Rs. crore)						
	Total	Government		Upstream Oil		Balance	
	Under-Recovery	companies	absorbed by	OMCs	absorbed by		
	Amount	%	Amount	%	Amount	%	
2010-11	78190	41000	52%	30297	39%	6893	9%
2011-12	138541	83500	60%	55000	39.7%	41	0.3%
Apr-Dec	124854	55000	44%	45251	36%	#	20%

'2012

#The remaining under-recovery of 24,603 crore represents the 'unmet gap'.

(e): During the financial year 2012-13, OMCs have incurred an under-recovery of ` 1,61,029 crore, out of which cash assistance of ` 55,000 crore has already been provided by Government and ` 45,251 have been contributed by upstream oil companies. Ministry of Petroleum and Natural Gas has taken up the matter with Ministry of Finance for finalization of burden sharing mechanism for financial year 2012-13