

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

UNSTARRED QUESTION NO:4511  
ANSWERED ON:21.02.2014  
UNDER PRICING OF PETROLEUM PRODUCTS  
Panda Shri Baijayant

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

- (a) whether the Public Sector Oil Marketing Companies (OMCs) are in financial crisis due to under-pricing of petroleum products;
- (b) if so, the details thereof along with the total profit or loss after tax to the OMCs during the last two years and the current year;
- (c) the profit margin on premium/branded petrol and diesel along with the figures for production volume, sales and profit for the same during the year 2013; and
- (d) the details of the advertisement expense made by the OMCs during the year 2013?

**Answer**

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

(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 has been modulating the Retail Selling Price (RSP) of sensitive petroleum products viz. Diesel (in retail), PDS Kerosene and Subsidized Domestic LPG, resulting in incidence of under-recovery to the Public Sector Oil Marketing Companies (OMCs). The Government has evolved a Burden Sharing Mechanism to ensure that the burden of under-recoveries incurred by OMCs is shared by all the stakeholders in the following manner:

- (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 products.
- (iii) Public Sector Oil Marketing Companies, by absorbing a part of the under-recoveries.
- (iv) Consumers, by minimal price increase.

The details of under-recovery absorbed by the OMCs since 2010-11 are given below:

(Rs. crore)			
OMCs			
Year	Amount	%	
2010-11	6,893	9%	
2011-12	41	0.3%	
2012-13	1,029	1%	
April-December, 2013-14	16,889#	17%	

# unmet gap, pending finalization of burden sharing of under-recovery for the year 2013-14.

The net profit reported by the OMCs since 2011-12 is as under:

(Rs. crore)			
	IOCL	BPCL	HPCL
2011-12	3954	1311	911
2012-13	5005	2643	904
April - December, 2013	(-)2370	(-)8	(-)2875
# Provisional.			

(c): As informed by the OMCs, the details of sales volume of branded Petrol and Diesel is as under:

(Quantity in Thousand Metric Tonne)

Name of OMC	Branded Petrol	Branded Diesel
IOCL#	33.50	0.40
BPCL#	19.52	2.62
HPCL##	18.64	3.30
Total	71.66	6.32

# during April- December, 2013 ## during the year 2013

As branded Petrol and Diesel are decontrolled products, all decisions relating to their pricing are taken by OMCs without any reference to the Government.

(d): IOCL, BPCL and HPCL have informed that they have incurred `21.91 crore, `45.89 crore and `30.10 crore respectively on advertisement during the financial year 2012-13.