

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

UNSTARRED QUESTION NO:130

ANSWERED ON:19.11.2009

INCREASE CREDIT FACILITY TO PRIVATE AIRLINES

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

- (a) whether there is any policy to extend credit to private airline companies by Public Sector Oil Marketing Companies (OMCs) for supply of petroleum products;
- (b) if so, the total outstanding dues against private airlines till date;
- (c) whether the said credit facility allowed to private airline by OMCs are within the rules laid down by the Government or by Board of Director of respective oil company;
- (d) if so, the details thereof; and
- (e) the steps taken by OMCs to recover their dues?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a): Yes, Madam. Public Sector Oil Marketing Companies (OMCs) have laid down policy for extension of credit facility to private airlines. The extension of credit terms of payment to airlines both in private and public sector are subject to commercial terms negotiated between the OMCs and the airlines.

(b): As on 09.11.2009, three private airlines i.e. Jet Airways, Kingfisher Airlines and Paramount Airways owed Rs.2013.24 crore to OMCs namely Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited.

(c) to (e): OMCs extend credit facility to Private Airlines within the rules laid down by Board of Directors of OMCs and the commercial agreements between the OMCs and the Airlines.

In case Airlines fails to pay their dues, OMCs take action for recovery of dues in line with the mutually agreed commercial terms between them and airlines. The defaulting airlines are also put on 'Cash and Carry' and interest is recovered on all overdue payments. Bharat Petroleum Corporation Ltd. filed a case against Kingfisher Airlines for recovery of its dues.

The issue of outstanding dues was also taken up with Ministry of Civil Aviation which advised the Airlines to clear their outstanding dues promptly.