

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

UNSTARRED QUESTION NO:3488

ANSWERED ON:10.12.2009

LOSSES TO OIL COMPANIES

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

- (a) the total loss in terms of rupees suffered by the oil companies on per litre petroleum products like petrol, diesel, kerosene and LPG, company-wise;
- (b) whether the Petroleum Ministry has urged the Finance Ministry for more compensation for oil companies incurring huge losses on fuel sales;
- (c) if so, the details thereof;
- (d) the extent to which the Finance Ministry has agreed to provide compensation to oil companies;
- (e) whether the Government propose to increase the fuel prices; and
- (f) if so, the details thereof?

**Answer**

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

(a)to(c): Based on the Refinery Gate Prices applicable for the 1st fortnight of December, 2009, the Public Sector Oil Marketing Companies (OMCs), viz., Indian Oil Corporation (IOC), Hindustan Petroleum Corporation (HPC) and Bharat Petroleum Corporation (BPC) are incurring under-recoveries on the sale of sensitive petroleum products; namely, Petrol, Diesel, PDS Kerosene and Domestic LPG. The details are given below:

(Rs./Litre/Cylinder)

Products Under-recovery

Petrol 3.10

Diesel 2.55

PDS Kerosene 17.30

Domestic LPG 241.03

The under-recoveries incurred by the OMCs on the sensitive petroleum products during the period April 2009 to September 2009 are given below:

(Rs.Crore)

Products IOC HPC BPC Total

Petrol 1016 560 621 2197

Diesel	1011	375	420	1806
PDS Kerosene	5029	1462	1268	7759
Domestic LPG	2108	981	1005	4094
Total	9164	3378	3314	15856

**# Gross under recovery without upstream assistance and oil bonds.**

The under-recoveries incurred on Petrol and Diesel amounting to Rs.4,003 crore have been compensated by the Public Sector Upstream Oil Companies through price discounts on crude oil and products. For the balance under-recoveries of Rs.11,853 crore on PDS Kerosene and Domestic LPG and the projected under-recoveries of Rs.9,019 crore on these products for the period October 2009 to December 2009, Ministry of Petroleum & Natural Gas has made a request to the Ministry of Finance for sanction of Oil Bonds of this amount.

(d): Ministry of Finance has informed that the compensation to oil companies has not been covered in the First Supplementary Demands for Grants in respect of Budget (General) for 2009-10, which has been presented in Parliament on 08.12.2009.

(e)to(f): Government is closely monitoring the international oil prices and will take suitable pricing decisions at the appropriate time.