

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

UNSTARRED QUESTION NO:3558

ANSWERED ON:04.08.2014

SUBSIDY ON PETROLEUM PRODUCTS

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

- (a) whether there is delay in release of subsidy by the Government on sale of petroleum products such as petrol, diesel, LPG and kerosene to the Oil Marketing Companies (OMCs);
- (b) if so, the details thereof and the reasons therefor along with the amount of subsidy provided by the Government during each of the last three years and the current year, OMC/Product-wise;
- (c) the production cost and sale of petroleum products in metropolitan cities by OMCs including the taxes/duties levied by the Government during the same period, OMC-wise; and
- (d) the steps taken by the Government to provide credit facility/borrowing amount to OMCs on purchase of raw material from abroad and cut down the production cost, OMC-wise?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN)

(a) & (b): Yes, Madam. Compensation of under-recovery depends upon various factors including availability of budget provisions, share of upstream assistance and the capacity of the Public Sector Oil Marketing Companies (OMCs) to absorb under recoveries. The details of subsidy provided by the Government during the last three years are given at the Annexure I

(c): Refining of crude oil is a process industry, where crude oil constitutes around 90% of the total cost. Crude oil is processed through several processing units. Each of these units produces intermediate products streams, which require further reprocessing and blending. Therefore, it is difficult to apportion the total cost amongst individual refined products, product-wise costs are not identified separately.

The details of taxes included in the price of major petroleum products namely Petrol (as per IOCL), Diesel, PDS Kerosene and Subsidized Domestic LPG on 1st July of each of the last 3 years and current year, at Delhi, are given in Annexure-II. The details of sales quantity of major petroleum products in metropolitan cities since 2011-12 are given in Annexure-III.

(d): The Reserve Bank of India has revised the External Commercial Borrowings (ECB) Policy and has decided to allow OMCs to avail ECB for working capital i.e. for import of crude oil subject to a limit of USD 1 billion per company as one time measure under the approval route.