

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

UNSTARRED QUESTION NO:1212

ANSWERED ON:01.12.2014

PERFORMANCE OF PUBLIC SECTOR OMCS

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**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 huge under-recoveries in pricing of certain petroleum products in the last three years and the current year;
- (b) if so, the details of subsidy provided by the Government to such companies along with the reasons for delay, if any, in providing such subsidies during the said period, OMC/ product-wise;
- (c) the performance of Public Sector Undertakings under control of the Ministry and profit/loss incurred by them during the said period;
- (d) whether the Government proposes to change the subsidy formula/review credit facility to OMCs for import of crude oil and other reforms in order to enable them to compete globally and explore global markets; and
- (e) if so, the details thereof along with the plan chalked out by the Government in this regard?

**Answer**

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

(a) & (b): In order to insulate the common man from the impact of high international oil prices and domestic inflationary conditions, the Government has been modulating the prices of Petrol (upto 25.06.2010), Diesel (upto 18.10.2014), PDS Kerosene and Subsidized Domestic LPG resulting in incidence of under recoveries to the Public Sector Oil Marketing Companies (OMCs) on the sale of these products. The Government has evolved a Burden Sharing Mechanism to share the under recoveries in the following manner:

- (i) Government through budgetary 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 total under-recovery incurred by the OMCs and the compensation

provided by the Government since 2011-12 is given below:

Year	Total	Assistance by Government	
		Under-recovery	through Budget
		Crore	Crore %
2011-12	138541	83500	60%
2012-13	161029	100000	62%
2013-14	139869	70772	51%
H1, 2014-15	51110	17000	33%

Budgetary assistance by the Government is a part of the Burden Sharing Mechanism and depends upon various factors including availability of budget provision, share of upstream oil companies and the capacity of the OMCs to absorb under recoveries.

(c): The Net profit/loss reported by the PSU oil companies since 2011-12 is as under:

	(` crore)			
Companies	2011-12	2012-13	2013-14	H1, 2014-15
Upstream Oil Companies				
ONGC	25123	20926	22095	10227
OIL	3447	3589	2981	1460

GAIL	3654	4022	4375	1924
Downstream Oil Companies / OMCs				
IOCL	3954	5005	7019	1624
HPCL	911	905	1734	896
BPCL	1311	2643	4061	1680
Stand Alone Refineries				
MRPL	909	-757		
	601	-988		
CPCL	62	-1767	-304	277
NRL	184	144	371	177
Others				
EIL	636	629	480	139

(d) & (e): The matter is under the consideration of the Government.