

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

UNSTARRED QUESTION NO:1343

ANSWERED ON:01.12.2014

SUBSIDY SHARING MECHANISM

Adsul Shri Anandrao ;Owaisi Shri Asaduddin;Shrirang Shri Chandu Barne;Thota Shri Narasimham;Yadav Shri Dharmendra

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

- (a) whether the Government proposes to rationalise the subsidy sharing mechanism for State-run oil producers to reduce the burden on Oil and Natural Gas Corporation Limited (ONGC) and Oil India Limited (OIL) as well as raise income for oil bearing States;
- (b) if so, the details thereof along with norms and criteria of subsidy sharing mechanism between the companies and States;
- (c) whether the ONGC and OIL have agreed to pay royalty to States on the full price of crude and not the discounted rate offered to Government refineries and if so, the details thereof;
- (d) whether the ONGC and OIL have given discount to State refineries on selling of diesel and Cooking gas at Government Capped rates;
- (e) if so, the details thereof along with proposal to rationalise the subsidy sharing mechanism for State-run oil producers to reduce the burden on ONGC and OIL; and
- (f) the efforts made by the Government to enhance the profitability of ONGC and OIL in view of the above?

Answer

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

(a) & (b): The matter is under consideration of the Government.

(c): ONGC and OIL were paying royalty to the State on the discounted price of crude oil. However, in terms of the Gujarat High Courts Order dated 30.11.2013 in Special Civil Application No.13943 of 2011 filed by Government of Gujarat and Honble Supreme Courts Order dated 13th February, 2014 in the Special Leave Petition filed by the ONGC in the matter, the ONGC has started paying royalty to Government of Gujarat on pre- discounted price w.e.f. 1st February, 2014. The matter is sub-judice.

(d) & (e): As mentioned above, the under recoveries of the OMCs are partially compensated by the upstream companies through discount on crude oil and petroleum products sold by them to the OMCs. The discount provided by the upstream companies during last 2 years and the current year is given below:

(` crore)

Year	ONGC	OIL	GAIL	Total
2012-13	49421	7892	2687	60000
2013-14	56384	8737	1900	67021
H1, 2014-15	26841	4085	1000	31926

As mentioned earlier in the reply, this matter of rationalizing the subsidy sharing mechanism is under consideration of the Government.

(f): The Net profit reported by ONGC and OIL 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