

**GOVERNMENT OF INDIA**  
**MINISTRY OF PETROLEUM AND NATURAL GAS**  
**RAJYA SABHA**  
**QUESTION NO 09.11.2010**  
**ANSWERED ON**  
**CHARGING OF SUBSIDY FROM PSU OIL COMPANIES .**

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Shri Ravi Shankar Prasad

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

- (a) whether it is a fact that Government provides subsidy to negate the financial loss incurred on the sale of petroleum products in the country;
- (b) if so, whether it is also a fact that the money of subsidy is charged from public sector oil companies like Oil and Natural Gas Corporation (ONGC), Gas Authority of India (GAIL) and Oil India Limited (OIL);
- (c) if so, the details thereof; and
- (d) the percentage of subsidy amount that was charged from the said companies during the financial years 2008-09 and 2009-10?

**ANSWER**

## MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI JITIN PRASADA)

(a)&(b) At present, the retail selling prices of Diesel, PDS Kerosene and Domestic LPG are not being maintained in line with the international oil prices. The Public Sector Oil Marketing Companies(OMCs) are incurring under-recoveries on the sale of these sensitive petroleum products. The OMCs' under-recoveries are being compensated under the burden sharing mechanism in the following manner:

- (i) Government through issuance of Oil Bonds/cash assistance;
- (ii) Upstream oil companies (ONGC, OIL & GAIL)- by way of discount on Crude oil and products;
- (iii) Oil Marketing Companies (OMCs) – by absorbing a part of the under-recoveries; and
- (iv) Price increases for the consumers from time to time.

(c)&(d): During the financial years 2008-09 and 2009-10, the under-recoveries incurred by the OMCs on the sale of Petrol, Diesel, PDS Kerosene and Domestic LPG have been shared as follows:

(` in crore)

Particulars

2008-09	2009-10	Total Under-recoveries	1,03,292	46,051
Government -Issue of Oil Bonds/Cash Assistance			71,292	26,000
% share	69%	57%		
Upstream Oil companies -		32,000	14,430	
% share	31%	31%		
Borne by OMCs	0	5,621		
% share	Nil	12%		

In addition, import losses compensated by upstream sector amounting to ` 943 crore for the year 2008-09.