

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

UNSTARRED QUESTION NO:2484

ANSWERED ON:08.12.2005

OIL POOL DEFICIT

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

- (a) the amount of foreign exchange spent on import of oil and other petroleum products during each of the last three years;
- (b) whether the oil pool deficit is increasing every year;
- (c) if so, the amount of oil pool deficit during each of the last three years and expected in the current financial year; and
- (d) the steps being taken by the Union Government to contain and reduce the deficit?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) The foreign exchange spent on import of crude oil and petroleum products during the last three years is as under :

Year Value (US\$ Million)

2004-05 29,266

2003-04 20,383

2002-03 17,581

(b) & (c) After dismantling of Administered Pricing Mechanism (APM) w.e.f. 01.4.2002, the Oil Pool Account has been wound up w.e.f. 01.04.2002.

Since late 2003, there has been an unprecedented, sharp and spiraling increase in international oil prices. Since domestic prices of sensitive petroleum products have not been revised in line with international prices, Oil Marketing Companies (OMCs) have incurred under-recoveries as under:-

Rs/crore

Under-recovery	2003-04	2004-05	2005-06
	6 (prov.)	(estimated)	

On PDS kerosene & Domestic LPG	9,274	17,842	20,652
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On petrol & diesel - 2,304 14,900

(d) With a view to containing the burden of the increase in international prices on sensitive petroleum products, particularly since June 2004, the Government resorted to several measures which inter-alia included downward revision in customs and excise duties on sensitive petroleum products and moderate price increases, especially in petrol and diesel from time to time. This has been done with a view to ensure equitable distribution of the burden amongst various stake holders, i.e. Government, oil marketing companies and consumers.

Further, the Government has formulated a loss sharing scheme by which upstream oil companies, namely ONGC, OIL and GAIL share 1/3rd of under-recoveries on sensitive petroleum products. The Government is also considering issue of bonds for under-recoveries suffered by PSU oil marketing companies on subsidized petroleum products.

The Government has also constituted a high-powered committee under the Chairmanship of Dr. C Rangarajan. This Committee will

examine the pricing and taxation structure in respect of petroleum products with a view to ensure stability and rationalization in pricing of petroleum products amongst all stakeholders i.e. Government, oil marketing companies and consumers.

The Government is continuously monitoring the price situation.