

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

UNSTARRED QUESTION NO:670

ANSWERED ON:23.02.2006

LOSSES TO OIL COMPANIES

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

- (a) whether public sector oil companies posted losses in the third quarter of the current financial year;
- (b) if so, the details thereof alongwith the reasons therefor; and
- (c) the steps being taken by the Government to overcome the situation?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b) : The Public Sector Oil Marketing Companies registered net losses during October-December, 2005, which are as under:-

Net Loss (October-December, 2005)
(Rs. in crore)

IOCL	6.00
BPCL	1024.17
HPCL	1077.75
IBP	96.33

This is mainly due to higher under recoveries on account of sale of petrol, diesel, kerosene (PDS) and LPG (Domestic) consequent to non-revision of retail selling prices in line with international oil prices.

(c) In order to formulate a long-term pricing policy, the Government had constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister to examine different aspects of pricing and taxation of petroleum products. The Committee submitted its report on 17.02.2006. The report is being examined by the Government. Government has also decided in principle to issue oil bonds of Rs. 11,500 crore to the oil marketing companies to share the subsidies.