

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

UNSTARRED QUESTION NO:3306
ANSWERED ON:15.12.2005
BORROWING BY OIL PSUs
Zahedi Shri Mahboob

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

- (a) whether Public Sector oil Companies have started borrowing aggressively from Financial Institutions (FIs);
- (b) if so, the total amount borrowed by the Public Sector Oil Companies from Financial Institutions as a short-term loan by the first six months of the current year;
- (c) whether the level of credit demand from Public Sector Oil Companies is unprecedented since April-September, 2005 out of the banking cumulative lending of the Oil Companies against the total bank lending in comparison in the last fiscal year;
- (d) if so, the details of amount borrowed and its percentage thereof, alongwith the reasons for such higher working capital needs of the Public Sector Oil Companies, company-wise;
- (e) whether oil companies in borrowing from banks can avail loans at low interest rate i.e. 5.5 per cent per annum; and
- (f) if so, the reasons for borrowing at high interest rate by such Public Sector Oil Companies?

Answer

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

(a) to (d) : The major public sector oil companies viz. ONGC, IOCL, IBP Co. Ltd., BPCL and HPCL have availed short term loan facility as under:

(Rs. in crore)

Name of the Oil Companies 2004-05 2005-06 (Apr-Sept.)

ONGC	3166.83	2590
IOCL	5345	566
IBP Co. Ltd.	Nil	14.17
BPCL	1308	2307
HPCL	1952	3850

There is an increase in the short term credit demand of some oil companies owing to a temporary cash mismatch brought about by high international oil prices and lower internal accrual because of under-recoveries on the sale of certain petroleum products.

(e) to (f): The oil companies have availed of short term credit facilities where the interest rates range from 5.18% to 6.44%. During April to September, 2005 the rate of interest is linked to Mumbai Inter Bank Offered Rate (MIBOR). One month commercial paper rate is in the range of 6.20% to 6.25% per annum. At present, banks are offering short term loans at an interest rate of 6.75% per annum for a period upto one year.