

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

UNSTARRED QUESTION NO:1892
ANSWERED ON:23.08.2012
CONTROL OVER OMCS
Chauhan Raj Kumari

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

(a) whether the Government proposes to bring the Oil Marketing Companies (OMCs) under its direct control as they declare themselves to be running in losses despite making profit:

(b) if so, the details thereof;

(c) whether the Government is trying to find alternate sources to bear the subsidy burden in order to continue subsidy on diesel and LPG; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH)

(a) & (b): Public Sector Oil Marketing Companies (OMCs), by virtue of their share holding pattern are Government companies. In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling price of Diesel, PDS Kerosene and Domestic LPG and their prices have not been increased in line with changes in the international market. As a result, OMCs have incurred under-recovery of ₹ 1,38,541 crore during 2011-12 and ₹ 47,811 crore during April-June, 2012.

The OMCs have reported a combined loss of ₹ 40,537 crore during April-June, 2012. They could report meager profit in previous years only after taking into account the cash assistance provided by the Government and the discount on sale of crude oil and

product offered by upstream oil companies. Had the under-recoveries were not compensated to OMCs, all of them would have declared huge losses as indicated below:

	(₹ crore)			
	2009-10	2010-11	2011-12	2012-13
Combined PAT of OMCs	13,060	10,531	6,177	(-) 40,537
Provision for Taxation	5,537	3,323	680	-
Profit before Tax	18,597	13,855	6,857	(-) 40,537
Less: Compensation received				
Government assistance	26,000	41,000	83,500	-
Upstream assistance	14,430	30,297	55,000	15,061
Total Compensation	40,430	71,297	1,38,500	15,061

Loss of OMCs without Compensation (-) 21,833 (-) 57,442 (-) 131,643 (-) 55,598

(c): No, Madam.

(d): Does not arise in view of (c) above.