

under the Chairmanship of Dr. Kirit S. Parikh to advise on a viable and sustainable system of pricing of petroleum products, Government has taken an 'in principle' decision that the price of Diesel will be made market-determined, both at Refinery Gate and Retail Level. However, Government had initially allowed an increase in the retail selling price of Diesel by Rs. 2/- per litre with effect from 26th June, 2010 (at Delhi), with corresponding increases in the rest of the country. As far as PDS Kerosene is concerned, the retail price of PDS Kerosene was increased by Rs. 3 per litre with corresponding increases in the rest of the country. The prices of Diesel and PDS Kerosene have not been revised again after 26th June, 2010.

At present, based on the Refinery Gate Prices, applicable from 1st March, 2011, the Public Sector Oil Marketing Companies are incurring under-recovery of Rs. 11.16 per litre on Diesel and Rs. 23.56 per litre on PDS Kerosene. The Government is keeping a close watch on the international oil price situation.

***Compensation for oil companies***

2136. SHRI SANJAY RAUT:  
SHRI GOVINDRAO ADIK:

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

- (a) whether Government proposes to provide cash subsidy to the oil companies to compensate their losses for selling fuel at below market prices;
- (b) if so, the details thereof; and
- (c) what is the present mechanism adopted by Government to provide subsidy to oil companies in the country?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH): (a) to (c) To protect the consumer and the economy from the increasing price volatility and uncertainty of international oil prices since 2004-05, Government has been modulating the retail selling prices of the sensitive petroleum products, namely, Diesel, PDS Kerosene and Domestic LPG.

The Government has evolved a Burden Sharing Mechanism to ensure that the burden of under-recoveries incurred by the Public Sector Oil Marketing Companies (OMCs) is shared by all the stakeholders; in the following manner:—

- Government through issue of Oil Bonds/Cash assistance;
- Domestic upstream oil companies through price discounts to OMCs;
- OMCs to bear a portion of the under recoveries; and
- Consumers to bear minimal price increases.

Under the burden sharing mechanism, since 2009-10, the Government is compensating the under-recoveries of the OMCs through Cash assistance. Between 2005-06 and 2008-09, the

Government's contribution was in the form of Oil Bonds. Details of Oil Bonds and Cash assistance by the Government towards compensation of OMCs under-recoveries are as under:—

(Rs. crore)

Oil Bonds		Cash Assistance
2005-06 to 2008-09	2009-10	2010-11 (April-December, 2010)
1,42,203	26,000	21,000*

\*Sanctioned but yet to be released.

Besides, the Government has been providing a subsidy of Rs. 0.82 per litre on PDS Kerosene and Rs. 22.58 per cylinder on Domestic LPG (at 1/3rd level of the rate for 2002-03) from the budget under the "PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" to the Public Sector Oil Marketing Companies (OMCs). The details of the subsidy provided by the Government under the said Scheme to the OMCs during 2009-10 and current year are given below:—

(Rs. crore)

	2009-10	2010-11 (April-December, 2010)
Subsidy on PDS Kerosene and Domestic LPG	2,770	2,050

***Mode of payment for Iranian oil***

†2137. SHRI MOTILAL VORA:  
SHRI SATYAVRAT CHATURVEDI:

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

(a) whether payment to Iran, one of the leading countries exporting crude oil to India is being made through Asian Clearing Union (ACU) system since 1976;

(b) whether RBI has stated that payments for oil and other important things to Iran will be made outside of ACU;

(c) whether National Iranian Oil Company, a Public Sector Oil Company of Iran has stated that it would discontinue the supply of oil to India if payment is not guaranteed by RBI;

†Original notice of the question was received in Hindi.