

After bumper profits, Govt scraps ₹30,000 cr capital support to oil firms

PTI ■ NEW DELHI

The government has scrapped the Rs 30,000 crore equity infusion it had planned in state-owned fuel retailers after they made record profits in the fiscal year ended March 31, according to the Budget Finance Minister Nirmala Sitharaman presented on Tuesday.

Sitharaman had on February 1 last year, while presenting the annual Budget for the 2023-24 fiscal (April 2023 to March 2024), announced an equity infusion of Rs 30,000 crore in Indian Oil Corporation (IOC), Bharat Petroleum Corporation Ltd (BPCL) and Hindustan Petroleum Corporation Ltd (HPCL) to support the three state-owned firms' energy transition plans. Alongside, she had also proposed Rs 5,000 crore for buying crude oil to fill strategic underground storages at Mangalore in Karnataka and Visakhapatnam in Andhra Pradesh that India has built to guard against any supply disruptions. In the interim budget, the



finance minister presented in February this year ahead of the general elections, the capital support to the three oil companies was halved to Rs 15,000 crore and the plan for filling strategic underground storage was deferred.

In the full budget for 2024-25, both plans have been scrapped.

The budget documents showed nil allocation for capital support to the three oil marketing companies (OMCs) in 2024-25 against Rs 30,000 crore that was provisioned in the 2023-24 budget. While the interim budget in February this year showed the amount against this entry at Rs 15,000 crore,

the revised allocation in the full budget presented today showed Rs 0.01 crore as the expenditure for 2023-24 and nil in the 2024-25 budget provision.

While other state-owned oil companies like Oil and Natural Gas Corporation (ONGC) and GAIL (India) Ltd too have lined up billions of dollars of investment to achieve net-zero carbon emissions, the equity support was limited to the three fuel retailers, which had suffered huge losses in 2022 when they held retail petrol, diesel and cooking gas (LPG) prices despite a spike in raw material (crude oil) prices, following Russia's invasion of Ukraine.

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But with three retailers IOC, BPCL and HPCL reporting record profits totalling about Rs 81,000 crore in FY24 (2023-24), which is far more than their annual earnings of Rs 39,356 crore in pre-oil crisis years, the capital support has gone. PTI