

**'FIRMS BUYING COSTLY OIL, GAS, BUT SELLING AT LOW PRICES'**

# OMC losses touch ₹30,000 cr a month

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New Delhi, May 8

**INDIA'S STATE-RUN OIL** marketing companies (OMCs) are incurring under-recoveries of around ₹30,000 crore every month — or nearly 1,000 crore a day — as petrol, diesel and LPG prices remain frozen despite crude oil surging to around \$120 per barrel amid the West Asia conflict and disruption in the Strait of Hormuz.

The mounting losses are piling pressure on the balance sheets of Indian Oil Corporation (IOC), Bharat Petroleum Corporation (BPCL) and Hindustan Petroleum Corporation (HPCL), even as the government continues to shield consumers from the global energy shock.

“Our oil marketing companies are buying expensive raw oil, gas and LPG from the market. But to protect our consumers, they are selling at low prices,” Sujata Sharma, joint secretary, ministry of petroleum and natural gas, said on Friday.

The government has already cut excise duty by ₹10 per litre on petrol and diesel to soften the impact of rising international prices, a move that is costing the exchequer around ₹14,000 crore every month in lost revenue.

“The cost of this reduction is ₹14,000 crore per month,” Sharma said, adding that had the Centre not intervened, the burden would have entirely fallen on the OMCs.

Industry estimates suggest under-recoveries during April stood at around ₹18 per litre on petrol and ₹25 per litre on diesel, as international crude

## PROFIT MARGINS UNDER PRESSURE

■ LPG prices remain frozen despite crude oil surging to around \$120/barrel

■ Govt has cut excise duty by ₹10/litre & diesel

■ Under-recoveries during April stood at around ₹18/litre on petrol & ₹25/litre on diesel

■ Govt earlier ruled out relief packages for OMCs



and fuel prices spiked after shipping movement through the Strait of Hormuz was severely disrupted.

The strategic waterway normally handles nearly one-fifth of global oil and gas trade, and the ongoing conflict has sharply raised freight costs, marine insurance premiums and emergency crude sourcing expenses for refiners.

India imports nearly 88% of its crude oil requirement and remains heavily exposed to global energy price volatility. The Indian crude basket, which averaged around \$70 per barrel last year, crossed \$113-120 per barrel in April, according to official estimates.

Despite the global spike, petrol and diesel prices in India have remained unchanged for over four years. Petrol currently costs ₹94.77 per litre in Delhi,

while diesel is priced at ₹87.67 per litre. Domestic LPG is retailing at ₹913 per 14.2-kg cylinder in the national capital.

Rating agency Icrs estimates that state-run OMCs are currently making negative marketing margins of around ₹14 per litre on petrol and ₹18 per litre on diesel. LPG under-recoveries are projected at around ₹80,000 crore in FY27 if current trends persist.

Earlier, the government has ruled out any immediate compensation package for losses incurred on petrol, diesel and jet fuel sales, increasing pressure on OMC finances and future capital expenditure plans.

The ministry said fuel supplies across the country remain uninterrupted despite the global crisis.