

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

UNSTARRED QUESTION NO:2895
ANSWERED ON:09.08.2001
CAPACITY UTILISATION OF REFINERIES
VILAS BABURAO MUTTEMWAR

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

- (a) whether the high international prices have affected the bottom lines of most refining companies as they are finding it hard to sustain the minimum gross margin level;
- (b) if so, the details of refineries particularly in the public sector which are unable to fully utilise the installed capacity;
- (c) the reason why when one of the biggest refineries in the private sector has managed to earn huge profit the refineries in the public sector are not able to do so; and
- (d) the steps taken to make the refineries in the public sector to achieve the maximum capacity utilisation with a view to increase their profit?

Answer

MINISTER OF STATE FOR PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

- (a): Yes, Sir. The gross margin level of refineries gets affected with increase in the prices of crude oil without commensurate increase in the product prices.
- (b): Refinery-wise installed capacity vis-à-vis actual capacity utilization for the last three years are given in the Annexure.
- (c) & (d): The profitability of a refinery depends on its configuration, product pattern, management, etc. whereas, the capacity utilization of a refinery depends on number of factors including product demand, refinery on stream days, technical snag etc. Consequent to the Government decision taken in November, 1997, the retention system of pricing for the refineries have been abolished with effect from 1.4.1998. Refineries are now being paid for the controlled petroleum products at import parity basis.