

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

UNSTARRED QUESTION NO:4432
ANSWERED ON:25.08.2005
SUPPLY OF NAPHTHA TO POWER STATIONS
Hamza Shri T.K.

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

- (a) the quantity of naphtha supplied to Power Plants of Kerala located at Brahm Puram, Kozhikode, Kayamkulam, Kasaragoda and Kochi by Oil PSUs during 2004-05 and 2005-06;
- (b) whether cost of naphtha being supplied for power generation has been considerably increased from July, 2005;
- (c) if so, whether the Government proposes to provide Naphtha at affordable rates till LNG is made available to these power plants;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) : The quantity of Naphtha uplifted by power stations in Kerala from Oil PSUs during 2004-05 and 2005-06 [April to July 2005] is as below:-

(Quantity in Thousand MTs)

Location	2004-05	2005-06
Brahm Puram	-	-
Kozhikode	-	-
Kayamkulam	105.92	58.61
Kasaragoda	-	-
Kochi	16.70	6.90

(b) : The pricing of Naphtha for power generation is based on import parity. Indian Oil Corporation Limited (IOC) and Bharat Petroleum Corporation Limited (BPC) have reported that the sales tax exemption earlier available to M/s BSES Kerala Power Ltd., Kochi and NTPC, Kayamkulam has been withdrawn effective 1st April 2005 owing to the implementation of VAT. Excise duty exemption has also been withdrawn effective 2nd July 2005. Consequently, this would impact on the price of naphtha supplied to the power plants at Kochi and Kayamkulam.

(c) to (e): Naphtha is a decontrolled product. The price of naphtha supplied by public sector oil marketing companies to power stations in Kerala is based on the commercial considerations of both parties.