

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

UNSTARRED QUESTION NO:172
ANSWERED ON:02.07.2009
EXPANSION/UPGRADATION OF REFINERIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether various Public Sector Oil companies have upgraded their refineries to reduce their import bill in the future;
- (b) if so, the details of investment made for the last three years and results achieved thereof;
- (c) the profit of oil PSUs likely to be increased through such steps/measures; and
- (d) the resultant benefit which will be passed on to the public?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

- (a) The Public Sector Oil Companies have been undertaking refinery upgradation projects for capacity expansion and to optimize the production of value added products. The value added products optimization causes increase in distillate yield percentage and hence reduction in import bill.
- (b) : Details of estimated cost of refinery upgradation projects is given at Annexure.
- (c) & (d) Expansion and upgradation of refineries entail huge investment and hence may not necessarily lead to higher profit as the profit of oil PSUs depend on various factors including changes in prices of Crude and petroleum products in the international market, Retail selling price of controlled products in domestic market (MS,HSD,LPG,SKO), domestic demand, feasibility of exports, occurrence of refinery shutdowns, transportation problems, seasonal disturbances. In some cases refinery up-gradation has to be carried out even if it may not be profitable, like projects for fuel quality improvement to meet auto fuel quality programme as per Auto Fuel Policy. Any expansion/upgradation programme in refineries leads to benefits finally transferred to public in the form of price, quality products, improved air quality etc.