

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

STARRED QUESTION NO:497
ANSWERED ON:29.04.2010
PRODUCTION COST OF PETROL
Rajendran Shri C.

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

- (a) whether the production cost of petrol has been assessed by the Government;
- (b) if so, the average production cost of petrol during the last three years;
- (c) the average percentage of tax component in the price of petrol during the said period; and
- (d) the steps taken by the Government to ease the burden on consumers in this regard?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.497 asked by Shri C. Rajendran to be answered on 29-04-2010 regarding "Production Cost of Petrol".

(a) & (b): The refining of crude oil is a process industry where crude oil, which constitutes around 90% of the total cost, is processed through numerous processing units such as Crude Distillation Unit (CDU), Vacuum Distillation Unit (VDU), Fluid Catalytic Cracking Unit (FCC), Hydro-cracker, Coker unit, Lube Unit etc. Each of these units produces intermediate products streams, which require extensive reprocessing and blending. The blending of intermediate products streams from various process units for making finished petroleum products results in difficulty in allocating the total joint costs to individual refined products with reasonable accuracy. Therefore, individual product-wise costs are not identified separately.

(c): The rates of Excise Duty, Customs Duty and Sales Tax/VAT (at Delhi) on Petrol are given below:

01-03-2007 01-03-2008 05-06-2008 27-02-2010

Excise Duty 6% plus Rs.13/ltr Rs.14.35/ltr
Rs.13.35/ltr Rs.14.35/ltr

Customs Duty 7.5% 7.5% 2.5% 7.5%

Sales Tax/VAT 20% 20% 20% 20%

(d): To ease the burden on the consumer, the retail selling price of Petrol is not being maintained in line with the international oil prices. As per international oil prices applicable for the 2nd fortnight of April, 2010, retail price of Petrol in Delhi should be Rs.54.61 per litre whereas it is Rs.47.93 per litre.