

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

UNSTARRED QUESTION NO:5508

ANSWERED ON:29.04.2010

PRICES OF CRUDE AND REFINERY PRODUCTS

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

- (a) whether there is uncertainty about the prices of crude and refinery products despite the country's refining capacity had expanded considerably during the last five years;
- (b) if so, the facts in this regard;
- (c) whether higher percentage of residue in Barmer crude required a higher capacity of conversion units;
- (d) if so, the facts thereof;
- (e) whether there is any proposal to increase the refining capacity of Barmer Refinery; and
- (f) if so, the steps taken by the Government in this regard?

**Answer**

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

(a) & (b): There is no direct linkage between the prices of crude and refinery products with the expansion in the country's refining capacity. While expansion of domestic refining capacity is influenced by the growth of domestic demand for petroleum products and / or exports, the prices of crude oil and petroleum products are impacted by a number of factors including supply, demand and other factors prevailing in the international oil markets.

At present, more than 75% of the domestic requirement of petroleum products is met by import of crude oil. Pricing of petroleum products is based on the Import Parity/Trade Parity pricing mechanism, which in turn is linked to the oil prices in the international markets. International oil prices have a direct impact on the costs and domestic prices of petroleum products.

(c) & (d): Mangala crude of Barmer contains high Atmospheric Residue of 75-80% by mass and Vacuum Residue of 38-40% by mass. This will require higher capacity of conversion units like Fluidized Catalytic Cracker, Hydrocracker and Delayed Coker Units in the refinery.

(e) to (f): There is no refinery in Barmer Rajasthan.