

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

STARRED QUESTION NO:72  
ANSWERED ON:29.07.2010  
PRODUCTION OF PETROL AND DIESEL  
Sharma Shri Jagdish;Vardhan Shri Harsh

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

- (a) the average annual production of the public sector oil companies out of the total petrol and diesel produced in the country;
- (b) whether the refineries being run by the said oil companies fix the gate-price of petrol and diesel;
- (c) if so, the details thereof alongwith the formula adopted for deciding the sale price of the same; and
- (d) the average maximum and minimum amount of profit earned by the companies after adoption of the said formula?

**Answer**

MINISTER OF PETROLEUM & 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. 72 BY SHRI JAGDISH SHARMA AND SHRI HARSH VARDHAN TO BE ANSWERED ON 29TH JULY, 2010 REGARDING PRODUCTION OF PETROL AND DIESEL

(a) The production of Public Sector oil companies out of the total petrol and diesel produced in the country for the year 2009-10 is given below:-

(Thousand Tonnes)

Product	Public Sector	Private Sector	Total Production
Petrol	10935	11619	22554
Diesel	45297	27952	73249

(b) and (c): As reported by the Oil Marketing Companies, the Refinery Transfer Price (RTP) for petrol and Diesel is fixed based on trade Parity Price w.e.f. 16th June, 2006, based on the recommendations of the Rangarajan Committee. The elements considered in the trade parity price are briefly indicated below:

Trade Parity Price

This is the weighted average of import parity and export parity prices in the ratio of 80:20.

Import Parity Price (80%)

- (i) FOB Price at Arab Gulf.
- (ii) Ocean freight from Arab Gulf to Indian ports
- (iii) Customs Duty
- (iv) Insurance charges
- (v) Ocean Loss, LC charges, Port dues and wharfage

Export Parity Price (20%)

FOB price at Arab Gulf plus advance licence benefit in case there is custom duty on crude.

In the light of the recommendation made by the Kirit Parikh Committee on a Viable and Sustainable Pricing System of Petroleum Products, the prices of Petrol and Diesel have been made market-determined both at the refinery gate and the retail level, with effect from 26.6.2010. In the case of diesel, however, it has been decided that for the present, the price would be increased by Rs.2 per litre only. It has also been decided that in case of a high rise and volatility in the international oil prices, Government will suitably intervene in the pricing of Petrol and Diesel.

(d) The profit and loss of an oil company covers its entire product basket besides other operations and revenue streams. Further, the margins earned by the oil companies on Trade Parity basis depend upon movement of international product prices which fluctuate on a daily basis. Hence, it is difficult to indicate the maximum and minimum profit earned on petrol and diesel on the basis of Trade Parity pricing. However, the Profit after Tax realized by the Public Sector Oil Marketing Companies since 2006-07 is given below:

	(Rs. Crore)			
Company	2006-07	2007-08	2008-09	2009-10
Indian Oil Corporation Limited	7499	6963	2950	10221
Bharat Petroleum Corporation Limited	1806	1581	736	1538
Hindustan Petroleum Corporation Limited	1571	1135	575	1301