

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

UNSTARRED QUESTION NO:2889
ANSWERED ON:18.08.2011
RISE IN PRICE OF PETROLEUM PRODUCTS
Azad Shri Kirti (Jha)

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

- (a) the number of times the prices of petroleum products rose after decontrolling them;
- (b) the number of times the commission of dealers increased during the last three years alongwith the amount of increase thereon;
- (c) the per litre cost of petroleum products at the time of import and the reasons for excessive increase in the prices of these products after purification;
- (d) whether the private companies export petroleum products after purification of crude oil in the country; and
- (e) if so, the quantity and price of such products exported during the last three years?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R. P. N. SINGH)

(a): Based on the recommendations of the Dr. Kirit Parikh Committee, the Government has made the price of Petrol market-determined both at the Refinery Gate and at the Retail level with effect from 26.06.2010. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decisions on the pricing of Petrol in line with the international oil prices and market conditions. The revisions in price of Petrol after 26.6.2010 are given in Annexure -1.

(b): The details of revision in Dealers'/ Distributors' commission on Petrol, Diesel and Domestic LPG during the last 3 years are given below: –

Date of Revision	Petrol (Rs. per kilolitre)	Diesel (Rs.per kilolitre)	Domestic LPG (Rs.per 14.2 kg cylinder)
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As on 01.04.2008	1024	600	19.05
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23.05.2008	1052	631	
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04.06.2008		20.54	
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30.06.2009		21.94	
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27.10.2009	1125	673	
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07.09.2010	1218	757	
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01.07.2011	1499	912	25.83
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(c): Refining of crude oil is a process industry where crude oil constitutes around 90% of the total cost. Crude oil is processed through numerous processing units. Each of these units produces intermediate products streams, which require extensive reprocessing and blending. This 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.

The OMCs pay Trade Parity Price (TPP) for purchase of Petrol and Diesel and Import Parity Price (IPP) for purchase of PDS Kerosene and Domestic LPG to refineries. The IPP/TPP are determined based on prices prevailing in the international market.

However, in order to insulate the common man from the impact of rise in oil prices in the international market and in view of the domestic inflationary conditions, the Government continues to modulate the Retail Selling Prices (RSPs) of Diesel, PDS Kerosene and Domestic LPG and the RSPs of these petroleum products are below the required market price. As a result, the OMCs are currently incurring under-recoveries of Rs. 4.97 per litre on Diesel, Rs. 23.74 per litre on PDS Kerosene and Rs. 247 per cylinder of Domestic LPG. At these rates, the OMCs are incurring daily under-recovery of Rs. 235 crore.

(d) to (e): Yes, Madam. The details of export of petroleum products by the private oil companies, namely Essar Oil Limited (EOL) and Reliance Industries Limited (RIL) during the last three years are given in Annexure – 2.