

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

UNSTARRED QUESTION NO:870

ANSWERED ON:04.08.2011

CRUDE OIL REFINING COMPANIES

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

- (a) whether public sector and private sector oil companies are engaged in crude oil refining and constantly earning profit for the last several years;
- (b) if so, the details thereof;
- (c) the average amount of profit earned per barrel during 2008-2009, 2009-10 and 2010-11 separately;
- (d) the average price on which petrol and diesel were sold to oil marketing companies by the said oil refineries during the said period; and
- (e) the basis on which these prices were fixed?

Answer

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

(a) and (b): The Profit After Tax (PAT) of Public Sector and Private Oil Companies during the last 3 years is as under:-

(Profit After Tax in Rs.crore)

2008-09 2009-10 2010-11

Public Sector

Indian Oil Corporation Ltd.(IOCL) 2950 10221 7445

Bharat Petroleum Corporation Ltd(BPCL) 736 1538 1547

Hindustan Petroleum Corporation Ltd. 575 1301 1539
(HPCL)

Mangalore Refinery & Petrochemicals 1193 1112 1177
Ltd. (MRPL)

Chennai Petroleum Corporation Ltd. (-) 397 603 512
(CPCL)

Private Sector

Reliance Industries ltd. (RIL) 15637 16236 20286

Since IOCL, BPCL, HPCL and RIL are integrated downstream oil companies, their profits include profits from refining, marketing, transportation and other activities.

The Public Sector Oil Marketing Companies (OMCs), viz., IOCL, BPCL and HPCL have been able to report the profits only as a result of sharing of a major portion of their under-recoveries by the Government and the public sector upstream oil companies. Had the under-recoveries not been compensated to OMCs, they would have reported huge losses as indicated below:

Loss of OMCs without Government Assistance & Upstream Sharing

(Rs. Crore)

2008-09 2009-10 2010-11

Combined PAT of OMCs 4,261 13,060 10,531

Provision for Taxation 1,784 5,537 3,323

Profit before Tax 6,045 18,597 13,854

Less : Compensation received

Budgetary support 71,292 26,000 41,000

Upstream assistance 32,000 14,430 30,297

Total Compensation 1,03,292 40,430 71,297

Combined loss of OMCs without - 97,247 -21,833 -57,443
compensation

(c) Profitability of the refineries is measured in terms of Gross Refining Margin (GRM) which is the difference between the cost of crude oil and the average price realized on the finished products. The average GRM of aforesaid companies during the last 3 years is as under:-

(\$/bbl)

2008-09 2009-10 2010-11

Public Sector

Indian Oil Corporation Ltd. 3.69 4.47 5.95

Bharat Petroleum Corporation Ltd. 5.17 2.97 4.47

Hindustan Petroleum Corporation Ltd. 3.97 2.68 5.30

Mangalore Refinery & 5.33 5.46 5.96
Petrochemicals Ltd.

Chennai Petroleum 1.22 4.75 5.02
Corporation Ltd.

Private Sector

Reliance Industries Ltd. 12.20 6.60 8.40

Essar Oil Ltd. 8.89 4.38 6.91

(d) and (e): For the purchase of diesel, the OMCs pay Trade Parity price to the refineries, which is the weighted average of Import Parity and Export Parity prices in the ratio of 80:20. As regards Petrol, the OMCs also paid Trade Parity prices to refineries upto 25.06.2010. However, effective 26.06.2010, the price of Petrol has been made market determined, both at Refinery gate as well as Retail level.

As per the information provided by the oil companies, the average Refinery Gate Price of Mumbai port for the last 3 years is as under:-

Period	Petrol BS-III Grade (Rs./KL)	Diesel BS-III Grade (Rs./KL)
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2008-09	26217.08	32317.63
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2009-10	22751.58	23907.16
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2010-11	27672.15	29983.59
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