

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

UNSTARRED QUESTION NO:3811
ANSWERED ON:25.08.2011
PRICE OF PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the basis/methodology adopted for deciding the retail price of petroleum products by various public sector oil companies, company-wise; and

(b) the details of refining costs of crude petrol and diesel, company-wise?

Answer

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

(a): The Public Sector Oil Marketing Companies (OMCs) pay Trade Parity Price (TPP) for purchase of 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 RSPs of Diesel, PDS Kerosene and Domestic LPG and the present RSPs of these petroleum products are below the required market price. As a result, as per the current refinery gate prices, the OMCs are incurring under-recovery of Rs. 4.97 per litre on the sale of 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.

The retail selling prices of petroleum products except Diesel, PDS Kerosene and Domestic LPG are revised in the line with the international oil prices and market conditions by the Public Sector OMCs.

(b): Refining of crude oil is a process industry, where crude oil constitutes around 90% of the total cost. Crude oil is processed through several processing units. Each of these units produce intermediate products streams, which require extensive reprocessing and blending. This results in difficulty in apportioning the total costs to individual refined products with reasonable accuracy. Therefore, individual product-wise costs are not identified separately.