

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

UNSTARRED QUESTION NO:2691

ANSWERED ON:29.03.2012

PRICES OF CRUDE AND REFINERY PRODUCTS

Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan; Yadav Shri Dharmendra

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 augmentation of refining capacity in the country had expanded considerably during the last five years;
- (b) if so, the details thereof;
- (c) the steps taken by the Union Government for bringing stability in the prices of crude oil in the country so far and extent to which the steps for bringing stability in the crude oil has proven effective, in percentage;
- (d) whether higher percentage of residue in Barmer crude required a higher capacity of conversion units;
- (e) if so, whether there is any proposal to increase the refining capacity of Barmer Refinery; and
- (f) if so, the steps taken by the Union Government in this regard?

Answer

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

(a) to (c): The cost of petroleum products mainly depends upon the price of crude oil, which constitutes over 90% of the total cost of petroleum products. Since India imports about 83% of its crude oil requirements, the international oil prices necessarily have a bearing on the domestic prices of petroleum products. The Government does not have any control on the prices of crude oil and petroleum products in the international market and these prices fluctuate on daily basis depending on several factors including demand and supply conditions in the world. There is no linkage between the price of petroleum products with the refinery capacity.

(d): Barmer crude (Rajasthan- Mangala) crude contains 64% of Low Sulphur atmos residue which requires higher capacity conversion units to make value added products from the atmos residue.

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