

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

UNSTARRED QUESTION NO:360

ANSWERED ON:23.11.2012

PRODUCTION OF PETROL AND DIESEL

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

- (a) the item-wise details of the production of the various petroleum products produced indigenously in the country along with the annual production of the public sector oil companies in the total production of petrol and diesel in the country during the last three years, company-wise;
- (b) the details of the basis or methodology adopted for determining the sale price of petrol and diesel per litre by the various Oil Marketing Companies (OMCs) at the refinery gate level;
- (c) whether the sale price of the aforesaid products are fixed on the basis of prices prevailing in the international market instead of the indigenous production cost thereof;
- (d) if so, the details thereof along with the reasons for opting the present basis of price fixation; and
- (e) the profit / losses incurred by the OMCs after adopting the aforesaid formula for fixing the prices of petroleum products during the last three years, year-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT. PANABAAGA LAKSHMI)

(a) The details of production of various petroleum products produced indigenously in the country and Public Sector company-wise production of petrol and diesel in the country during the last three years is given at Table 1 and Table 2 respectively in the Annexure.

(b) to (d): 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 produces 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. As per the recommendation of Dr. Rangarajan Committee, the Oil Marketing Companies (OMCs) pay refinery gate price based on Trade Parity Price (TPP) for purchase of Petrol and Diesel from refineries since June 2006. TPP is the weighted average price of Import Parity Price and Export Parity Price in the ratio 80:20. 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 OMCs take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions. However, the Government continues to modulate the Retail Selling Price (RSP) of Diesel.

(e) The profit of OMCs namely, Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) during the years 2009-10, 2010-11 and 2011-12 are given below:-

Profit after Tax (PAT) of OMCs

(` in crore)
Name of
2009-10 2010-11
2011-12
the OMC

IOCL 10,221
7,445 3,954

BPCL 1,538 1,547
1,311

HPCL 1,301
1,539 911