

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

UNSTARRED QUESTION NO:105

ANSWERED ON:22.02.2013

PRICES OF PETROLEUM PRODUCTS

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

- (a) the increase or decrease in the prices of petrol, Compressed Natural Gas and various other petroleum products during the last three years and the current year along with the reasons therefor, product and year-wise;
- (b) the details of increase in revenue of Oil Marketing Companies (OMCs) as a result thereof during the said period, OMC-wise;
- (c) the reasons for partially deregulating diesel prices and permitting the OMCs to increase diesel prices in slabs in the coming years along with the details of the assessment made, if any, of its impact on various segments of the society;
- (d) whether the Government proposes to review its decision in this regard; and
- (e) if so, the details thereof and the steps taken by the Government to check the increase in prices of petroleum products including formulation of a policy to increase the revenue of OMCs without increasing the prices of petroleum products?

Answer

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

- (a) The details of increase/decrease in RSP of Petrol, Diesel, PDS Kerosene, Domestic LPG are given at Annexure-I.

The Retail price of Compressed Natural Gas (CNG) in any city is fixed by the City Gas Distribution (CGD) entity operating in the city. The price of CNG is not decided or approved by the Government. The CGD entities use a varying mix of domestic gas, Long Term RLNG and spot RLNG. The price of CNG is a function of the weighted, average of the price of the gas (domestic gas/RLNG/Spot LNG), operating expenses, various Central, State and local taxes/levies. The details of increase in price of CNG at Delhi since 01.11.2009 till date are given in Annexure-II.

- (b) The detail of turnover and Profit After Tax (PAT) of Public Sector Oil Marketing Companies for the period from 2009-10 to 2012-13 (April –September, 2012) is given below:

Indian Oil Corporation Limited

	2009-10	2010-11	2011-12	2012-13 (April-September, 2012)
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Turnover	271074	328744	432823	196616
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PAT	10221	7445	3955	(-)12840
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Bharat Petroleum Corporation Limited

	2009-10	2010-11	2011-12	2012-13 (April-September, 2012)
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Turnover 125840 163218 211866 116688

PAT 1538 1547 1311
(-) 3802

Hindustan Petroleum Corporation Limited

2009-10 2010-11 2011-12 2012-13 (April-September, 2012)

Turnover 108599 142396 178139 96633

PAT 1301 1539 911 (-) 6922

(c) The under-recovery of OMCs on sale of Diesel is around 60% of the total under-recovery. As per the Industry Performance Review of March, 2012 (as released by Indian Oil Corporation Limited), about 17.77% of the total Diesel was sold to the bulk consumers during 2011-12.

In order to reduce under-recovery of the Public Sector Oil Marketing Companies (OMCs) on sale of Diesel, the Cabinet Committee on Political Affairs (CCPA) in its meeting held on 17.01.2013 decided to authorize OMCs to

(a) increase the retail selling price of Diesel in the range of 40 paisa to 50 paisa per litre per month (excluding VAT as applicable in different State/Union Territories) until further orders; and

(b) sell Diesel to all consumers taking bulk supplies directly from the installations of the OMCs at the non-subsidized market determined price with immediate effect. OMCs will not be eligible to any subsidy on such direct sale of Diesel to bulk consumers.

Pursuant to the aforesaid decision, price of Diesel for retail consumers has been increased by 0.45 paisa each per litre (excluding VAT) on 18th January, 2013 and 16th February, 2013 respectively. Further, Accordingly, OMCs have implemented the decision to sell Diesel to bulk consumers at non-subsidized market determined price with effect from midnight of 17/18.01.2013.

(d) & (e) There is no such proposal before the Government, at present. However, the Government has revised annual cap on the subsidized LPG cylinders from 3 to 5 for the period from 14.09.2012 to 31.03.2013 and from 6 to 9 annually with effect from 01.04.2013.

In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling price of Diesel, PDS Kerosene and Domestic LPG resulting in incidence of under-recovery to the OMCs. These under-recoveries are being shared by all the stakeholders under the Burden Sharing Mechanism in the following manner:-

(i) Government through Oil Bonds/Cash Assistance;

(ii) Public Sector Upstream Oil Companies namely, Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL) and GAIL (India) Limited (GAIL) by way of price discount on Crude oil and products.

(iii) Public Sector Oil Marketing Companies, by absorbing a part of the under-recovery.

The Government provided Cash Assistance of rs 83,500 crore during 2011-12 and rs 55,000 crore during 2012-13 (April-December, 2012) towards compensation of under-recovery on sale of sensitive petroleum products to the OMCs.

OMCs are currently selling Diesel, PDS Kerosene and Subsidized Domestic LPG below the required price and are incurring under-recovery of rs 10.27 per litre on the sale of Diesel, rs 31.60 per litre on PDS Kerosene and rs 481 per 14.2 kg cylinder of Subsidized Domestic LPG (based on the refinery gate prices effective 16.02.2013 for Diesel and 01.02.2013 for PDS Kerosene and Subsidized Domestic LPG).