

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

UNSTARRED QUESTION NO:4207
ANSWERED ON:22.03.2013
COST OF PETROL AND DIESEL PROCESSING
Choudhary Shri Harish;Vasava Shri Mansukhbhai D.

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

- (a) whether any assessment has been made regarding cost involved in processing of diesel and petrol from crude oil by various Oil Marketing Companies (OMCs) including Oil and Natural Gas Corporation Limited (ONGC);
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the quantum and the rate per litre at which these companies sold their produce during each of the last three years and the current year;
- (d) the details of total quantity and the rate, per litre at which OMCs purchased the petrol and diesel during the said period;
- (e) whether the OMCs have shown the costs borne by them in an exaggerated manner; and
- (f) if so, the reasons therefor and the action taken by the Government thereon?

Answer

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

(a) & (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 produces intermediate product streams, which require extensive reprocessing and blending. This results in difficulty in apportioning the total cost to individual refined products with reasonable accuracy. Therefore, individual product-wise costs are not identified separately.

(c) The quantum of Petrol and Diesel sold by the Public Sector Oil Marketing Companies (OMCs) during the last three years and the current year is as under:

[Quantity in Million Metric Tonne (MMT)]

Year	Petrol	Diesel
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2009-10	12.8	56.2
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2010-11	14.2	60.1
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2011-12	15.0	64.8
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2012-13 (April - December	11.7	51.8
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,2012) Provisional

The Retail Selling Price of Petrol and Diesel at Delhi since 1.4.2009 is given in Annexure.

(d) The details of total quantity and rate at which OMCs have purchased Petrol and Diesel from other refineries are as under:

Indian Oil Corporation Limited (IOCL)

Petrol Diesel

Quantity Rate Quantity Rate
(Million Kilo litre) /litre (Million Kilo litre) /litre

2009-10 3.27 36.27 16.11 27.27

2010-11 3.44 42.79 16.81 35.17

2011-12 3.41 52.00 16.87 42.79

2012-13# 2.64 53.91 14.79 45.39

Source: IOCL

Bharat Petroleum Corporation Limited (BPCL)

Petrol Diesel

Quantity Rate Quantity Rate
(Million Kileo litre) /litre (Million Kilo /litre
litre)

2009-10 3.36 37.43 10.06 28.52

2010-11 2.87 44.07 10.60 35.81

2011-12	3.34	53.6	12.18	44.01
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2012-13#	3.12	54.99	10.11	44.54
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Million kilo litre at 15 Degree centigrade.

Source: BPCL

Hindustan Petroleum Corporation Limited (HPCL)

Petrol	Diesel
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Quantity	Rate	Quantity	Rate
(Million Kilo litre)	/litre	(Million Kilo litre)	/litre

2009-10	3.51	36.42	11.39	27.69
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2010-11	2.92	42.61	12.99	34.85
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2011-12	2.98	52.50	14.72	42.94
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2012-13#	2.75	53.85	12.54	46.83
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Million kilo litre at 29.5 Degree centigrade.

Source: HPCL

Note: The above prices are inclusive of excise Duty but exclusive of Sales Tax/VAT.

#For the period April-December, 2012.

(e) & (f) No, Madam. During the year 2008-09, studies were conducted by the Cost Accounts Branch, Department of Expenditure, Ministry of Finance in coordination with the Petroleum Planning and Analysis Cell (PPAC) of Ministry of Petroleum and Natural Gas to work out the amount of under-recovery of the OMCs under the Trade/Import Parity Price Method and Actual Refinery Cost Method. Similar study was also conducted for the period April-September, 2010. The comparative statement of under-recovery amount under

both mechanisms is given below:

Comparative Statement Of Under Recovery under IPP/ TPP and Actual Cost Mechanism

(rs crore)

Under-Recovery 2008-09 April - September, 2010

As per IPP/ TPP method 1,03,292 31,367

As per actual Cost of production 1,05,653 31,891

Difference (-)2361 (-)524

As may be seen from above, the under recovery worked out under Actual Cost Mechanism was more than that of under the existing formula based on TPP/IPP.