

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

UNSTARRED QUESTION NO:3370
ANSWERED ON:30.08.2013
PROFIT OF PRIVATE REFINERS
Dhruvanarayana Shri R.

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

- (a) whether private refiners have earned crores of rupees in five years due to certain lacunae in pricing of petroleum products by the Oil Marketing Companies including custom duty which is not paid by refiners;
- (b) if so, the details thereof; and
- (c) the corrective measures taken by the Government in the matter and also to avoid heavy losses to the exchequer on this account?

Answer

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

(a) to (c): Post dismantling of Administered Pricing Mechanism (APM) effective 1.4.2002 the Refinery Gate Price (RGP) of Petrol, Diesel, PDS Kerosene and Subsidized Domestic LPG was calculated on Import Parity Price (IPP) basis. Based on recommendations of Rangarajan Committee, June 2006 and Inter-Ministerial consultation, the Cabinet Committee on Political Affairs (CCPA) approved the methodology of computation of RGP on Trade Parity Price (TPP) basis (80% IPP; 20% EPP) for Petrol and Diesel. Hence, the Public Sector Oil Marketing Companies (OMCs) have been purchasing Diesel (on TPP basis) and LPG / Kerosene (on IPP basis) from all refineries including Public Sector standalone refineries and private refineries. TPP/IPP based pricing provides a level playing field to all the refineries in the country including private refineries