GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1414
ANSWERED ON:13.12.2013
PRICE OF PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the price at which petroleum products are purchased from refineries and other sources by the Oil Marketing Companies (OMCs) along with the selling price of these products during the last six months;

(b) whether there is wide gap between the purchasing and selling prices of petroleum products by these OMCs;

(c) if so, the details thereof along with the reasons therefor; and

(d) the corrective measures taken by the Government in this regard?

Answer

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

(a)to(c): The Public Sector Oil Marketing Companies (OMCs) pay Trade Parity Price (TPP) for purchase of Diesel and Import Parity Price (IPP) for purchase of PDS Kerosene and Domestic LPG to the refineries. The IPP/ TPP are determined based on the prices of petroleum products prevailing in the international market.

However, in order to insulate the common man from the impact of rise in oil prices in the international market and in view of the domestic inflationary conditions, the Government continues to modulate the Retail Selling Prices (RSPs) of Diesel (to retail consumers), PDS Kerosene and Subsidized Domestic LPG and the present RSPs of these petroleum products are below the required market price. As a result, at present, the OMCs are incurring under-recovery of ` 9.99 per litre on the sale of Diesel, ` 36.20 per litre on PDS Kerosene and ` 542.71 per cylinder of Domestic LPG.

The comparative statement showing the details of desired RSP based on the Refinery Gate Price and the actual RSP charged to domestic consumers for Diesel (to retail consumers), PDS Kerosene and Subsidized Domestic LPG from July, 2013 to December, 2013 month-wise is given in Annexure.

(d): The Government has taken various steps in the recent past to reduce the under-recovery of the OMCs, as given below:

Diesel: Effective 18.1.2013, the Government has authorized the 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.

PDS Kerosene: The quota of PDS Kerosene has been rationalized over the years resulting in reduction in subsidy. The Government is also implementing the Direct Benefit Transfer of Kerosene (DBTK) for direct transfer of subsidy on PDS Kerosene to the customers.

Domestic LPG: Effective 14th September, 2012, the Government decided to cap the supply of subsidized LPG cylinders for each consumer to 6 cylinders (of 14.2 Kg) per annum, which was subsequently increased to 9 cylinders. Also, the Government has launched Direct Benefit Transfer for LPG (DBTL) scheme for direct transfer of subsidy to the customers.