

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

UNSTARRED QUESTION NO:302

ANSWERED ON:06.12.2013

PRICES OF PETROLEUM PRODUCTS

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

- (a) the number of times the prices of petroleum, petroleum products and natural gas have been increased or rolled back by the Oil Marketing Companies (OMCs) after deregulation of the prices of petroleum, till date, product and year-wise;
- (b) the reasons for continuous increase in the prices of petroleum along with the number of times the prices of crude oil increased in the international market during the aforesaid period;
- (c) the production cost of petrol, diesel and Compressed Natural Gas (CNG) including the administrative expenditure involved and the profit/losses of OMCs at the time of every increase in the prices of petroleum along with the revenue earned by the Government therefrom during the above period;
- (d) the level at which decision to hike prices of petroleum products including diesel is taken; and
- (e) the steps taken by the Government to keep the prices of petroleum and petroleum products under control and to insulate the common man from undue burden?

**Answer**

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

(a)&(b): Government has made the price of Petrol market-determined with effect from 26.06.2010. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions.

However, 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 (RSP) of Diesel (to retail consumers), PDS Kerosene and Subsidized Domestic LPG. The details of revision in RSP of Petrol, Diesel, PDS Kerosene and Subsidized Domestic LPG along with the price of Indian basket of crude oil since 26.06.2010 are given at Annexure.

(c): 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 further reprocessing and blending. As it is difficult to apportion the total cost amongst individual refined products, product-wise costs are not identified separately.

Price of Compressed Natural Gas (CNG) is not determined by the Government. City Gas Distribution entities determine the RSP of CNG on the basis of weighted average cost of natural gas from different sources, operating expenses and applicable taxes and duties. Different entities use different proportions of domestic gas and RLNG.

Further, the profits/losses are computed on quarterly basis as per statutory requirement and these cannot be calculated for the day of price revision. Even after taking into account the cash assistance from Government and the discount on sale of crude oil and products by upstream oil companies, the OMCs have been able to report only meager profit. The profit/losses of OMCs namely, Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) since 2010-11 are as under:-

(Rs.crore)				
OMC	2010-11	2011-12	2012-13	H1, 2013-14
IOCL	7,445	3,954	5,005	-1,409
BPCL	1,547	1,311	2,643	1,081
HPCL	1,539	911	904	-1,142
Total	10,531	6,177	8,552	-1,469

Since there is no Excise Duty on PDS Kerosene and Domestic LPG and the Excise Duty on Petrol and Diesel is specific in nature, the revenue of Central Government does not increase with increase in the price of these products.

(d)&(e): 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. There has been no increase in the prices of PDS Kerosene and Domestic LPG since 25th June 2011. A cap of 6 cylinders per annum to each consumer was applied on subsidized domestic LPG w.e.f. 14th September 2012. This has, however, been raised to 9 cylinders per annum as per decision taken by Government on 17th January 2013. In order to insulate the common man, OMCs are currently selling Diesel (retail), PDS Kerosene and Subsidized Domestic LPG below the required price and are incurring under-recovery of ` 9.99 per litre on retail sale of Diesel, ` 36.20 per litre on PDS Kerosene and ` 542.71 per 14.2 kg cylinder of Subsidized Domestic LPG (based on the refinery gate prices effective 1.12.2013).