

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

UNSTARRED QUESTION NO:2432

ANSWERED ON:14.12.2015

Expenses Incurred by OMC

Chandrappa Shri B.N.;Charitra Shri Ram;Chaudhary Shri C.R.;Choudhary Shri Ram Tahal;Khaire Shri Chandrakant Bhaurao;Kumar Shri Kaushalendra;Meena Shri Harish Chandra;Muddahanumegowda Shri S.P.;Singh Shri Hukum

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

- (a) whether the Oil Marketing Companies (OMCs) have not curtailed the prices of petrol/diesel due to high administrative expenses such as facilities to officers of OMC and maintenance and other non-core activities etc. and if so, the details thereof;
- (b) the details of expenses incurred by OMCs on such activities during the last three years and the current year, OMC-wise;
- (c) whether the oil sector is slipping into the red due to steep downturn in oil prices and cut in price of natural gas resulting job cuts and scrapped projects by several companies and if so, the details thereof alongwith its likely impact on upstream and downstream companies as well as on their capital expenditure, company/project-wise;
- (d) the details of profit/loss earned including turnover by upstream/downstream companies including Gas Authority of India Limited (GAIL) during the each of the last three years and the current year along with reasons for shortfall in the profits of these companies along with steps taken by the Government to improve their performance and margin in the remaining period of the current year;
- (e) whether there is wide gap between the purchasing and selling prices of petroleum products marketing by OMC and if so, the detail thereof and the reasons therefor along with the purchase and selling price of petroleum products of the OMC during the last three years and current year; and
- (f) whether there is any delay in providing kerosene and LPG subsidy to the OMC during the said period and if so, the details thereof along with expenditure incurred on subsidy of LPG and kerosene by the Government during the said period year/OMC-wise?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)

(a)&(b): The prices of Petrol and Diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively and since then their prices are being decided by the OMCs in line with the changes in the international market prices and other market conditions.

(c)&(d): The reduction in price of crude oil in the international oil markets reduces the realization on sales of crude by the upstream oil companies. The Public Sector Oil Marketing Companies (OMCs) purchase crude oil based on prices in international markets. Price of finished products in India is also linked to their price in the international markets. Some OMCs have also reported inventory losses as a result of the fall in the international prices.

Profitability position of each company depends upon various factors. The overall profit reported by the PSU Oil companies during the last three years and 2015-16 (April-September) is given in Annexure 1.

(e): The detailed price build-up of Petrol, Diesel, PDS Kerosene and Subsidized Domestic LPG; including the prices at which petroleum products are purchased from Refinery [Refinery Gate Price (RGP)] and the selling price of these products [Retail Selling Price (RSP)] at the beginning of each of the last 3 years and the current year (April to September, 2015) are given in Annexure 2.

(f): The Government has provided a fixed fiscal subsidy of Rs.18 per kg under the Direct Benefit Transfer for Domestic LPG during April - October, 2015 and ` 15 per kg for the period November, 2015 onwards. Also, the Government has approved the budgetary support for PDS Kerosene under-recovery for financial year 2015-16 at a rate of Rs. 12 per litre and the remaining under-recovery will be borne by the upstream oil companies. The details of total subsidy/under-recovery burden on PDS Kerosene and Domestic LPG during the last 3 years and the current year are given in Annexure 3.

x-x-x-x-x