

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

UNSTARRED QUESTION NO:2511

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Price of Petroleum Products

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

- (a) the details of the criteria/policy to fix petroleum products prices in the country along with the increase/decrease in the prices of petroleum products during each of the last two years and the current year, product-wise including petrol, diesel, CNG, LPG, ATF and kerosene;
- (b) the details of the prices of crude oil in the international market during the said period and the reasons for not passing the full benefits of declining prices of crude oil in international market to consumers of petroleum products, product-wise including petrol, diesel, LPG, CNG, ATF and kerosene etc. along with its likely impact on poor and prices of essential commodities;
- (c) whether the huge drop in the crude oil prices helped the exchequer and oil companies to save more money from the oil subsidy account including margin improvement and less under/over-recoveries to the Oil Marketing Companies (OMCs)/upstream companies;
- (d) if so, the details thereof along with subsidy/cash assistance given by the Government to the OMCs/upstream companies including profit/loss earned by them during the said period, and evolve a Mechanism of Subsidy sharing formula OMC/company/product-wise including LPG and kerosene; and
- (e) whether the Government proposes to set up a price stabilisation fund in order to meet the challenges of any possible price rise of crude oil in international market in future and if so, the details thereof?

**Answer**

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

(a)&(b): Prices of all petroleum products, except PDS Kerosene and Subsidized Domestic LPG, are deregulated and the Public Sector Oil Marketing Companies (OMCs) take their own decision in line with international product prices and market conditions. The international oil prices started sliding after July 2014. Retail Selling Price of Petrol which was Rs.73.60 per litre (at Delhi) in July, 2014 has reduced by Rs. 13.12 per litre. Since then, the OMCs have reduced the price of Petrol nineteen times and the current Retail price at Delhi is Rs. 60.48 per litre. Similarly the Retail Selling Price of Diesel in October 2014 was 58.97 per litre (at Delhi) which has reduced by Rs. 12.42 per litre and the current Retail Selling Price is Rs. 46.55 per litre. The price of Diesel has been reduced 15 times since deregulation of the price of Diesel. The Indian Basket of Crude oil during the corresponding period has declined by Rs. 24.92 per litre [June 2014 (2nd fortnight average) to November 2015 (2nd fortnight average)]. However, in order to protect the consumers from the fluctuations in the prices in the international market, the Government continued to modulate the retail selling price of Domestic LPG. After launch of DBTL, its consumers get the LPG cylinders at market price and receive LPG subsidy directly into their bank accounts.

The details of price of Petrol, Diesel, Domestic LPG, ATF & PDS Kerosene and crude oil during last two years and current year are given at Annexure-I and II respectively.

Price of CNG is fixed by the concerned City Gas Distribution (CGD) entities under the Petroleum & Natural Gas Regulatory Board (PNGRB) Act, 2006.

(c) & (d): Reduction in international oil prices results in reduction of under-recovery/ subsidy burden of the Government on sale of PDS Kerosene and Domestic LPG. However, 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.

The details of the amount of subsidy/under recovery on sale of Diesel (upto 18.10.2014), Subsidized Domestic LPG and PDS Kerosene during 2013-14 to 2015-16 (April to September) and compensation provided by Government and upstream oil companies under Burden Sharing Mechanism thereon is as follows:

Rs. Crore

A

Particulars

2013-14

2014-15

2015-16 (April –September)

Diesel

62,837

10,935

0

PDS Kerosene

46,458

24,799

7,122  
Domestic LPG \*  
34,412  
40,551  
8,814  
Total Under-recoveries (A)  
1,43,707  
76,285  
15,936  
Sharing of under-recoveries  
Share of Government\*  
74,609  
31,279  
13,949  
Share of Upstream Companies  
67,021  
42,822  
1,980  
Share of OMCs  
2,077  
2,184  
7  
Total  
1,43,707  
76,285  
15,936

\* Includes subsidy under DBTL Scheme.

Further, the profit reported by the OMCs and upstream companies oil during 2013-14, 2014-15 and 2015-16 (April –September) is given below:

Rs. crore

Companies

2013-14

2014-15

2015-16 (April –September)

Downstream oil companies/ OMCs

IOC

7019

5273

6107

HPC

1734

2733

1268

BPC

4061

5085

3394

Upstream Companies

ONGC

22095

17733

10302

OIL

2981

2510

1450

(e): At present, there is no such proposal before the Government.

x-x-x-x-x