(c) and (d) To protect the interest of the common man, the Government continues to modulate the prices of three sensitive petroleum products, namely, Diesel, PDS Kerosene and Domestic LPG and their retail selling prices have not been increased after 26th June, 2010. As the full impact of price rise in the international market has not been passed on to the consumers, the OMCs are currently incurring under-recovery of Rs. 11.16 per litre on Diesel, Rs. 23.56 per litre on PDS Kerosene and Rs. 297.80 per cylinder on Domestic LPG.

To keep the consumer price of Petrol within reasonable limits, the Government has taken a number of measures to rationalize central taxes and duties on Petrol. Excise duty on Petrol was made specific in June 2008 to avoid cascading impact of ad-valorem rates of taxes on retail selling price.

The Central Government has also requested the State Governments on several occasions to rationalize their taxes on petroleum products like Petrol and Diesel. As a result the Government of National Capital Territory of Delhi reduced the VAT rate on Diesel from 20% to 12.5% *w.e.f.* 20th July, 2010. The Government of Goa reduced the VAT rates on Petrol, Diesel and Domestic LPG *w.e.f.* from 17th July, 2010. The Government of Tamil Nadu has recently reduced the VAT rate on Petrol from 30% to 27% *w.e.f.* 2nd March, 2011.

Use of technologies in oil transportation

2142. SHRI NARENDRA KUMAR KASHYAP: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of technologies being used in public sector refineries in the country for transportation of fuel;

(b) the percentage each of petrol, diesel, LPG, kerosene and naptha produced with these technologies;

(c) whether Government has conducted any research for crude oil refining to produce 100 per cent transportation fuels; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH): (a) Apart from primary processing technologies, viz., Crude Oil Fractionation by Atmospheric Distillation and Vacuum Distillation for initial separation, following are the other key process technologies employed across PSU refineries for producing transportation fuels such as Petrol, Diesel and Auto LPG:—

I. Major Secondary/upgradation Technologies for distillate yield improvement

- Thermal cracking processes, viz., Visbreaking, Delayed Coking etc.

- Fluidised Catalytic Cracking, INDMAX.
- Hydrocracking.

II. Quality Upgradation Technologies

- Catalytic Reforming, Isomerisation, Alkylation, Prime G for meeting the quality specifications of Petrol w.r.t. octane number, benzene content, aromatics, olefins, sulphur, distillation etc.
- Diesel Hydro-desulphurisation (DHDS), Diesel Hydro-treating (DHDT) for diesel for reduction of sulphur and PAH (Poly Aromatic Hydrocarbons) and cetane number improvement.

III. Hydrogen Generation Technology for meeting the hydrogen requirements for Hydrocracking, DHDS and DHDT

(b) The percentage of products varies from refinery to refinery based on quality of crude, technology employed and market demand for individual products.

(c) and (d) It is not feasible to produce 100% transportation fuels from crude oil refining as the energy requirement for crude oil processing is derived from the crude itself and there are certain heavier products like Coke, Bitumen which cannot be used as transportation fuels. The average combined production of distillates in public sector refineries is around 75% weightage on crude which is at par with the global average. Residue Conversion technologies are highly capital and energy intensive and depend on the type of crude processed in the refineries.

Public Sector refineries have initiated and implemented various measures to increase the production of transportation fuels, viz.:—

- Capacity revamp and debottlenecking of process units with advanced hardware and technology for yield improvement and energy reduction;
- Residue Upgradation technologies coupled with quality upgradation technologies to increase the distillate yield and production of transportation fuels;
- Advanced Process Control and Optimisation;
- Feedstock Management;
- Use of latest generation catalysts;
- Maximizing capacity utilization;
- Use of Natural Gas as feed to Hydrogen Plant and Gas Turbine for increasing naphtha production;

- Unconventional feed (de-asphalted oil, lube extracts, etc.) to HCU to increase distillates;
- Developing catalyst additives such as CO combustion promoter, Gasoline sulphur reduction additive, bottoms cracking additives, etc. to improve quality and yield; and
- Research on "Residue upgradation through hydroprocessing".

Differential pricing of petrol and diesel

2143. SHRIMATI T. RATNA BAI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the differential pricing of petrol and diesel is wholly irrational and must end in the remaining Eleventh Plan period;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH): (a) to (c) No, Sir. The Refinery Gate Prices (RGP) of Petrol and Diesel are linked to the prices of these products in international market and are revised every fortnight on Trade Parity basis. The retail selling prices of Petrol and Diesel are based on their RGP and applicable Central Duties and State Taxes, which are generally higher on Petrol.

Based on the recommendations of the Kirit Parikh Committee, the price of Petrol has been made market-determined effective 26th June, 2010. The rationale is that Petrol is largely an item of final consumption and its price has a marginal impact on inflation due to minimal forward linkages. However, as Diesel is largely used in public/goods transportation, industry and agriculture, its price has a significant impact on inflation. Therefore, the retail selling price of Diesel continues to be modulated by the Government and the full impact of high international oil prices has not been passed on to the consumers.

Use of subsidised LPG in rural/urban areas

†2144. SHRI PRABHAT JHA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that almost the entire urban population is using subsidised LPG whereas the rural population is deprived of this benefit; and

(b) if so, the details thereof and the reasons therefor?

†Original notice of the question was received in Hindi.