

| Sl. No. | Name of the country | 2010-2011 (MMT) |
|---------|---------------------|-----------------|
| 8.      | Colombia            | 1.33            |
| 9.      | Venezuela           | 10.40           |
| 10.     | Kazakhstan          | -               |
| 11.     | Russia              | 0.78            |
| TOTAL   |                     | 69.54           |

#### Revenue of oil companies

‡749. SHRI BALAVANT ALIAS BAL APTE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the details of the policy regarding frequent hike in prices of diesel, petrol, LPG and CNG etc.;

(b) the number of times the prices have been hiked along with extent of hike in prices during the last three years;

(c) the increase in the revenue of oil companies as a result of price hikes and the details thereof;

(d) whether there is any plan to formulate a policy to increase the revenue of companies by adopting measures other than hiking the prices; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH): (a) and (b) In the light of the recommendations made by the Expert Group headed by Dr. Kirit S. Parikh, the 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. Even after implementation of the market determined pricing, the OMCs have been making price revisions of Petrol in a guarded manner, at times, absorbing a part of under-recovery themselves.

However, the Government continues to modulate the Retail Selling Price (RSP) of Diesel, PDS Kerosene and Domestic LPG in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions. As a result, the OMCs are currently incurring under-recoveries of Rs. 12.17 per litre on Diesel, Rs. 28.66 per litre on PDS Kerosene and Rs. 439.00 per cylinder of Domestic LPG based on the RGP effective 7th March, 2012.

The details of revision in RSP of Petrol, Diesel and Domestic LPG during 2009-10, 2010-11 and 2011-12 are given at Statement-I (See below).

As regards the prices of CNG, it is not regulated by the Government, The price of CNG is determined by the respective CGD operator/entity based on

‡Original notice of the question was received in Hindi.

weighted average price of gas sourced by them. However, the price of CNG in Delhi as revised by the Indraprastha Gas Limited, during the last three years is at Statement-II (*See below*).

(c) The prices of international crude and product prices vary daily. In spite of rise in crude and product prices, Government continues to modulate the retail selling prices of Diesel, PDS Kerosene and Domestic LPG in order to protect the common man from the impact of inflationary pressures. Further, the profits/losses are computed on quarterly basis as per statutory requirements and these cannot be calculated for the day of price revision. During the 2010-11 OMCs could make a meager profit of Rs. 10,531 crore only after taking into account cash assistance from Government and discount on sale of crude oil and products by Upstream oil companies. The profit/losses of Public Sector OMCs namely, Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) during the years 2010-11 and 2011-12 (April-December, 2011) are given below:

*Profit/(Loss) after Tax (PAT) of OMCs*

(Rs. in crore)

| OMC   | 2010-11 | 2011-12<br>(April-December, 2011) |
|-------|---------|-----------------------------------|
| IOCL  | 7,445   | (8,716)                           |
| BPCL  | 1,547   | (2,651)                           |
| HPCL  | 1,539   | (3,719)                           |
| Total | 10,531  | (15,086)                          |

(d) and (e) In view of the alarming situation arising out of projected massive under-recoveries of the OMCs of Rs. 1,71,140 crore on the sale of sensitive petroleum products during 2011-12 (assuming the average price of Indian Basket of \$ 110 per barrel) and to reduce the burden of the rise in international oil prices on the consumers, Government took the following decisions on 24th June, 2011:

- (i) Elimination of 5% Customs Duty on Crude Oil and reduction in Customs Duty on petroleum products by 5%.
- (ii) Reduction of Excise Duty on Diesel by Rs. 2.60 per litre. The remaining Excise Duty of Rs. 2.06 per litre on Diesel could not be reduced as it is earmarked towards Road and Education cess.
- (iii) Minimal price increase of Rs. 3/- per litre on Diesel, Rs. 2/- per litre on PDS Kerosene and Rs. 50/- per 14.2 kg. Domestic LPG cylinder excluding State levies.

Even after the duty reductions and the increase in retail selling prices effective 25.06.2011, the OMCs are estimated to incur under-recovery of Rs. 1,39,659 crore during the year 2011-12.

Further the revenue of OMCs depends on cost of crude oil, which generally

forms nearly 90% of the cost and is beyond the control of the OMCs as it is linked to international prices. OMCs continuously take actions to reduce other costs such as inventory management to reduce inventory holdings/inventory costs, supply chain optimization and optimization of material procurement, etc.

**Statement-I**

*Revision in Retail Selling Price of Petrol, Diesel and Domestic LPG at Delhi*

| Date of Revision | Petrol<br>Rs./Litre | Diesel | Domestic LPG<br>Rs./Cylinder | Reason  |
|------------------|---------------------|--------|------------------------------|---|
| 1                | 2                   | 3      | 4                            | 5   |
| 1.4.2009         | 40.62               | 30.86  | 279.70                       | RSP as on 1.4.2009  |
| 02.07.09         | 44.63               | 32.87  | 281.20                       | Increase in Prices (eff. 1.07.09)   |
| 27.10.09         | 44.72               | 32.92  |                              | Revision in Dealers commission  |
| 27.02.2010       | 47.43               | 35.47  |                              | Change in Custom/ Excise duty   |
| 01.04.2010       | 47.93               | 38.10  | 310.35                       | Introduction of Euro IV fuels/<br>Subsidy removal in Dom. LPG in<br>Delhi |
| 26.6.2010        | 51.43               | 40.10  | 345.35                       | Increase in Basic Price   |
| 01.07.2010       | 51.45               | 40.12  |                              | Increase in Siding and shunting<br>charges                                |
| 20.07.2010       |                     | 37.62  |                              | VAT reduction in Delhi  |
| 08.09.2010       | 51.56               | 37.71  |                              | Revision in Dealers commission  |
| 21.09.2010       | 51.83               |        |                              | Increase in Basic Price   |
| 17.10.2010       | 52.55               |        |                              | Increase in Basic Price   |
| 02.11.2010       | 52.59               | 37.75  |                              | Increase in Siding and shunting<br>charges                                |
| 09.11.2010       | 52.91               |        |                              | Increase in Prices  |
| 16.12.2010       | 55.87               |        |                              | Increase in Prices  |
| 15.01.2011       | 58.37               |        |                              | Increase in Prices  |
| 15.5.2011        | 63.37               |        |                              | Increase in Prices  |
| 25.6.2011        |                     | 41.12  | 395.35                       | Increase in Prices  |
| 1.7.2011         | 63.70               | 41.29  | 399.00                       | Increase in Siding and shunting<br>charges/Dealer commission              |
| 16.9.2011        | 66.84               |        |                              | Increase in Prices  |
| 1.10.2011        |                     | 40.91  |                              | Rebate of Rs. 0.375 per Litre in VAT<br>on diesel in Delhi                |

| 1          | 2     | 3     | 4      | 5                   |
|------------|-------|-------|--------|---------------------|
| 4.11.2011  | 68.64 |       |        | Increase in Prices  |
| 16.11.2011 | 66.42 |       |        | Reduction in Prices |
| 1.12.2011  | 65.64 |       |        | Reduction in Prices |
|            | 65.64 | 40.91 | 399.00 | Current RSP         |

Note:- Prices of petrol from 26.6.2010 onwards are as per Indian Oil Corporation Limited.

***Statement-II***

*Revision in Price of CNG by Indraprastha Gas Limited during the last three years*

| From       | To         | Sale Price inclusive of Excise Duty (Rs. per kg) |
|------------|------------|--|
| 04.03.2008 | 15.06.2009 | 18.90  |
| 16.06.2009 | 31.10.2009 | 21.00  |
| 1.11.2009  | 18.03.2010 | 21.20  |
| 19.03.2010 | 15.05.2010 | 21.70  |
| 16.05.2010 | 16.06.2010 | 21.90  |
| 17.06.2010 | 30.09.2010 | 27.50  |
| 01.10.2010 | 01.01.2011 | 27.75  |
| 02.01.2011 | 01.04.2011 | 29.00  |
| 02.04.2011 | 03.06.2011 | 29.30  |
| 04.06.2011 | 15.08.2011 | 29.80  |
| 16.08.2011 | 30.09.2011 | 30.00  |
| 01.10.2011 | 30.12.2011 | 32.00  |
| 31.12.2011 | 05.03.2012 | 33.75  |
| 06.03.2012 | Till date  | 35.45  |

**Subsidised LPG delivery system**

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

(a) whether the system of delivering subsidised LPG to the intended beneficiaries needed to be reformed to suit the present conditions;

(b) if so, the details thereof and steps taken in this direction during the last three years; and

(c) the views of each State in this regard?