

Benefits to OMCs due to skewed pricing mechanism

1209. SHRI A. W. RABI BERNARD: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the State owned Oil Marketing Companies (OMCs) benefited to the tune of ₹26,600 crores over a five year period because of a skewed pricing mechanism;
- (b) if so, the details thereof;
- (c) whether it is a fact that private sector refineries were also provided undue benefits of ₹677 crore on diesel sales in 2011-12; and
- (d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) and (b) No, Sir. On the contrary, the Public Sector Oil Marketing Companies (OMCs) have contributed towards under recoveries and paid income tax and dividend to the Government of India. It is also pointed out that the profit as a percentage of turnover of OMCs is around 1% which is barely enough to meet their fund requirements for modernization and upgradation.

Refining is a cyclical industry characterized by very volatile prices. Providing some level of protection and thereby adequate refining margins is necessary for encouraging investment in expansion, and more importantly in modernization of our domestic refineries. Failure on this count can impede our quest for energy security. Further, many of the public sector refineries are very old (built between 1901 to 1985) and located in sub-economic zone (such as the North-East refineries) with low economies of scale and therefore often have very low GRMs.

(c) and (d) As per the recommendations of the Rangarajan Committee 2006, the Refinery Gate Price of Petrol and Diesel is based on Trade Parity Pricing (TPP). Accordingly, OMCs procure diesel at Trade Parity Price (TPP) from public and private sector refineries.

Shortage of petroleum products

1210. DR. T.N. SEEMA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Government has noticed the shortage of petroleum products in the country including Kerala;

(b) if so, the State-wise details thereof and the reasons therefor along with the number of consumers/persons affected in view of the above;

(c) whether the representatives of dealers have cautioned the oil companies in time about the shortage of petroleum products in the country; and

(d) if so, the State-wise details therefor along with efforts made by Government to remove the shortage of petroleum products in the country?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a), (b) and (d) As on 24.11.2014, there is no systemic shortage of petroleum products in the country, including the State of Kerala.

(c) Retail Outlet dealers communicate their products requirements to OMCs by way of indents. On receipt of indents and corresponding payments, the Installations/Depots make arrangements to deliver products to them. If OMCs anticipate shortages, they make alternative arrangements for additional product availability from different sources or by exchanging product with other OMCs.

Advertisements to non-approved publications by companies

1211. SHRI DHIRAJ PRASAD SAHU: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Bharat Petroleum Corporation Limited, Engineers India Limited, Hindustan Petroleum Corporation Limited, Indian Oil Corporation Limited, Oil and Natural Gas Corporation Limited, Gas Authority of India Limited have released advertisements to several brochures/souvenirs, monthly magazines and Non-Government approved publications during the last three years;

(b) if so, the details thereof and the names of such publications with amount of advertisement released to each of them; and

(c) the policy of companies for releasing of advertisements?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) and (b) Yes, Sir. The details are available on the Ministry's website (<http://petroleum.nic.in>).

(c) All these Public Sector Undertakings (PSUs) have informed that they issue advertisement based on certain criteria like target group, cost effectiveness, readership, better reach and awareness.