

LOK SABHA
UNSTARRED QUESTION NO. 2432
TO BE ANSWERED ON 14TH DECEMBER, 2015
EXPENSES INCURRED BY OMC

2432. SHRI RAM TAHAL CHOUDHARY:
SHRI HARISH MEENA:
SHRI RAM CHARITRA NISHAD:
SHRI CHANDRAKANT KHAIRE:
SHRI KAUSHALENDRA KUMAR:
SHRI B.N. CHANDRAPPA:
SHRI S.P. MUDDAHANUME GOWDA:
SHRI HUKUM SINGH:
SHRI C.R. CHAUDHARY:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

पेट्रोलियम और प्राकृतिक गैस मंत्री (स्वतंत्र प्रभार)
(श्री धर्मेन्द्र प्रधान)

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

Annexure-1

Annexure referred to in reply to parts (c)&(d) of Lok Sabha Unstarred Question No.2432 asked by Shri Ram Tahal Choudhary, Shri Harish Meena, Shri Ram Charitra Nishad, Shri Chandrakant Khaire, Shri Kaushalendra Kumar, Shri B.N. Chandrappa, Shri S.P. Muddahanume Gowda, Shri Hukum Singh and Shri C.R. Chaudhary to be answered on 14th December, 2015 regarding “Expenses Incurred by OMC”

Turnover /PAT of PSU Oil Companies since 2012-13

(Rs. Crore)

Companies	2012-13		2013-14		2014-15		2015-16 (April-September)	
	Turnover	PAT	Turnover	PAT	Turnover	PAT	Turnover	PAT
<i><u>Upstream Oil Companies</u></i>								
ONGC	82248	20926	83156	22095	82126	17,733	43259	10302
OIL	9525	3590	9127	2981	9247	2,510	5148	1450
GAIL	47333	4022	57245	4375	56569	3,039	26607	865
<i><u>Downstream Oil Companies / OMCs</u></i>								
IOC	446121	5005	427177	7019	436390	5,273	186124	6107
HPC	206529	905	223037	1734	206380	2,733	93724	1268
BPC	240004	2643	259933	4061	237905	5,085	98339	3394

Annexure 2

Annexure referred to in reply to part (e) of Lok Sabha Unstarred Question No.2432 asked by Shri Ram Tahal Choudhary, Shri Harish Meena, Shri Ram Charitra Nishad, Shri Chandrakant Khaire, Shri Kaushalendra Kumar, Shri B.N. Chandrappa, Shri S.P. Muddahanume Gowda, Shri Hukum Singh and Shri C.R. Chaudhary to be answered on 14th December, 2015 regarding “Expenses Incurred by OMC”

Price Buildup of Major Petroleum Products at Delhi

					Rs./Litre
Petrol	01.04.2012	01.04.2013	01.04.2014	01.04.2015	1.12.2015
Price Paid to refinery	43.67	41.48	45.24	27.79	23.77
Other cost elements	-3.75	5.12	5.50	4.75	5.55
Excise duty	14.78	9.48	9.48	17.46	19.06
VAT/ State taxes	10.94	11.21	12.04	10.00	12.10
Total	65.64	67.29	72.26	60.00	60.48
Note- Price of Petrol as per IOCL.					
					Rs./Litre
Diesel	01.04.2012	01.04.2013	01.04.2014	01.04.2015	1.12.2015
Price Paid to refinery	45.50	42.55	47.82	28.10	24.67
Other cost elements	3.25	3.39	3.63	4.50	4.34
Excise duty	2.06	3.56	3.56	10.26	10.66
VAT/ State taxes	4.46	5.65	6.41	5.64	6.88
Total	55.27	55.15	61.42	48.50	46.55
Less: Under-recovery	14.36	6.52	5.93		
RSP	40.91	48.63	55.49		
Note - price of Diesel effective 1.4.2015 are as per IOCL.					
					Rs./Litre
PDS Kerosene	01.04.2012	01.04.2013	01.04.2014	01.04.2015	1.12.2015
Price Paid to refinery	43.22	42.70	46.57	27.98	24.40
Other cost elements	2.81	2.86	2.93	3.27	3.33
VAT/ State taxes	0.65	0.71	0.71	0.44	0.44
Total	46.68	46.27	50.21	31.69	28.17
Less: Subsidy	0.82	0.82	0.82	-	-
Less: Under-recovery	31.03	30.49	34.43	16.55	12.93
RSP	14.83	14.96	14.96	15.14	15.24

					Rs./Cylinder
Domestic LPG	01.04.2012	01.04.2013	01.04.2014	01.04.2015	1.12.2015
Price Paid to refinery	867.07	733.06	806.55	451.48	419.60
Other cost elements	125.45	134.69	136.21	169.76	187.25
Total	992.52	867.75	942.76	621.24	606.85
Less: Subsidy	22.58	22.58	22.58	-	-
Less: Under-recovery	570.68	434.52	506.06	-	-
RSP (Rounded)	399.00	410.50	414.12	621.00	606.50
Subsidy to consumer after under DBTL	NA	NA	NA	203.18	188.68
Effective Price to consumers	NA	NA	NA	417.82	417.82

Annexure 3

Annexure referred to in reply to part (f) of Lok Sabha Unstarred Question No.2432 asked by Shri Ram Tahal Choudhary, Shri Harish Meena, Shri Ram Charitra Nishad, Shri Chandrakant Khaire, Shri Kaushalendra Kumar, Shri B.N. Chandrappa, Shri S.P. Muddahanume Gowda, Shri Hukum Singh and Shri C.R. Chaudhary to be answered on 14th December, 2015 regarding “Expenses Incurred by OMC”

Total Subsidy & Under-recovery on Petroleum Products

(Rs. crore)

Particulars	2012-13	2013-14	2014-15	2015-16 (April- September)
PDS Kerosene				
Total Subsidy on PDS Kerosene	30,156	31,255	24,804	7,122
Domestic LPG				
Total Subsidy on Domestic LPG including DBTL	41,565	52,247	40,569	8,814

