

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

UNSTARRED QUESTION NO:285
ANSWERED ON:23.11.2006
REVISION OF PRICES OF PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the profit/loss position of the public sector oil companies during the last six months, company-wise;
- (b) whether the oil companies have again sought another revision of the prices of petroleum products.
- (c) if so, the reasons therefor;
- (d) whether the Government is aware of the heavy burden on the consumers due to the recent revision of the prices of petroleum products; and
- (e) if so, the steps taken by the Government to protect the interests of the consumers?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

- (a) The profit after tax of oil marketing companies (OMCs) for April-Sept`2006 is given as under:

(Rs. In crore)
IOC BPC HPC IBP Total
4831 832 614 (625) 5652

Includes profit of Rs. 3225 crore being long term gain on sale of ONGC shares After merger with KRL The profit/(loss) of OMCs is due to large external support extended in the form of oil bonds (Rs. 14,150 crores), contribution from upstream companies (Rs. 12,000 crores) and profit from sale of shares (Rs. 3225 crores) without which they would all have reported huge losses.

- (b) & (c) The oil companies had sought another revision of the prices of petroleum products in July 2006 when the Indian crude basket touched US \$ 70.69/bbl. However, the Government did not accede to this proposal. At current prices of US \$ 57-58/bbl, the OMCs are still incurring under recovery on diesel PDS kerosene and domestic LPG.

- (d) & (e) Yes, Sir. The Government has taken the following steps to mitigate the impact of increased international prices on consumers:

There has been no increase in prices of PDS kerosene since March 2002 and domestic LPG since November 2004.

The Government has allowed a moderate upward revision in the prices of petrol and diesel on 6/6/2006 by Rs. 4/- per litre and Rs.2/- per litre respectively (price increase at Delhi), although the movement in international prices warranted a much higher increase. The price rise effected in June 2006 has resulted in passing only 13% of the total burden projected for 2006-07 at the time hike to the consumers.

The Government has changed the pricing of petrol and diesel on trade parity basis, which shall be weighted average of import parity and export parity prices in the ratio of 80:20. The principle of trade parity pricing will apply for the refinery gate price as well as for determining the retail price.

Several State Governments have reduced the sales tax on petrol and diesel to cushion the burden of price hike effected on 6th June 2006. Domestic LPG has been given the status of `Declared Goods` under CST Act and the maximum sales tax/VAT rate is 4% effective 19/4/06 across all the states/union territories.