



PETROL PRICE FLUCTUATION

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WHAT IS PETROL?

- Petrol is refined from crude oil
- crude oil experiences huge fluctuations in price every day.
- 90% of the cost of petrol, comes from purchasing and refining the crude oil.



PRICE FIXATION

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- brent, dubai crude, west texas
- differ sulfur content
- brent
- trade on brent crude - north sea
- Auction - Future Exchange



CAUSES OF FLUCTUATION

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- Crude oil prices
- level of supply
- demand for crude oil and other related products in world market
- problems at refineries
- problems with delivery pipelines
- Exchange rates



CRUDE OIL PRICE DETERMINATION

- worldwide supply and demand
- demand supply mismatch
- more supply - lower price
- more demand - higher price
- oil crisis lead to higher price
- political events, conflicts
- strength of local currency



INFLUENCE OF OPEC

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- Organization of Petroleum Exporting Countries (OPEC)
- its members produce 40%
- members have spare production capacity and bring more oil into production very quickly
- organised in 1960
- it has tried to keep world oil prices at a target level by setting production level for members



PETROL PRICE BREAKUP

- crude oil cost +
- refining costs +
- profits +
- distribution costs +
- marketing costs +
- taxes



SCENARIO IN INDIA

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- petrol price = cost
price(procuring + refining +
marketing) +
- tax (central + state)
- internation crude price rising,
so petrol prices are rising



ROLE OF GOVERNMENT- CAN PRICE BE CONTROLLED

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- passing the price rise on the consumer slowly.
- Yes - if government is willing to reduce its revenues from taxes on petroleum.
- No - if the decides to pass on the price and maintain its tax revenues



WILL THE GOVERNMENT REDUCE ITS TAX REVENUES

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- No, oil revenues form a major chunk of govt revenues (~35%)
- no substitute to this revenue in short run



WHY PETROL PRICE IS INCREASING COMPARED TO DIESEL, LPG ETC

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- consumers are mainly middle and higher class (income or expenditure)
 - they have higher ability to absorb the price rise
 - food prices - diesel
 - kerosene - rural poor
 - so govt chooses to pass on international price rise



IMPORTANCE OF PROBLEM

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- consumption of petroleum products grow by 5% (GDP 8 %)
- import dependence of oil 76 % (2011-12)
- oil dependence will be high (85%)
- 80 - 90 % of import bill on petroleum products.
- private vehicle ownership . 71 %
non transport vehicles are two wheelers
- two wheelers * 7 = 1 car
- middle class two wheelers



VISUALISATION - CHENNAI PETROL PRICES

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- python - to scrape data
- elastic search - to index scraped data
- kibana - to visualize data

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Thank You.