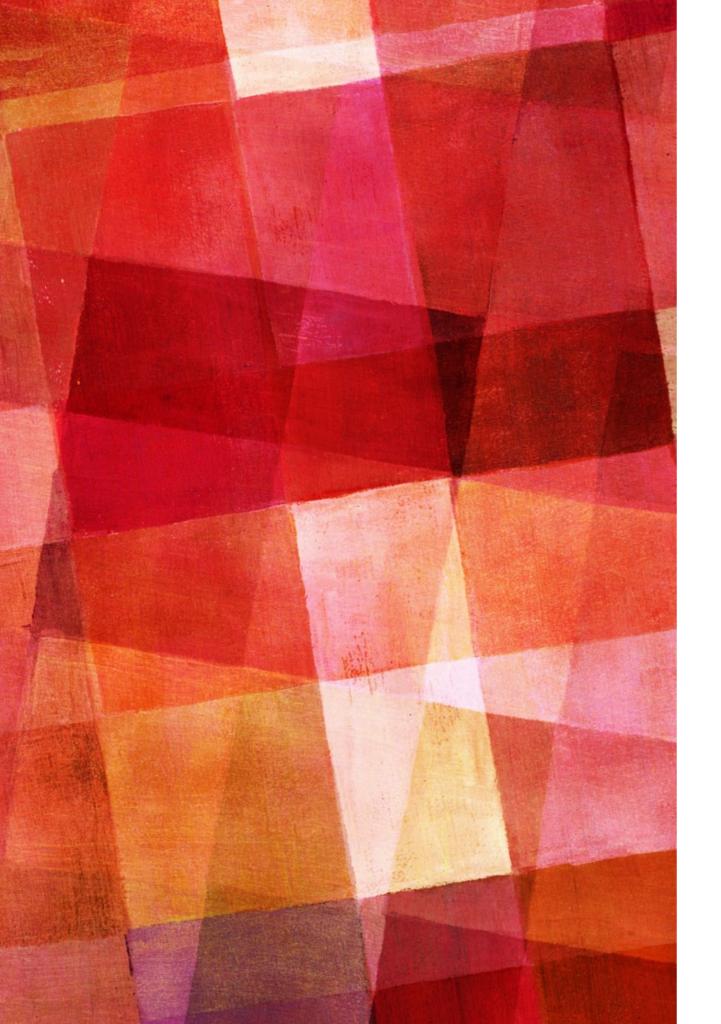


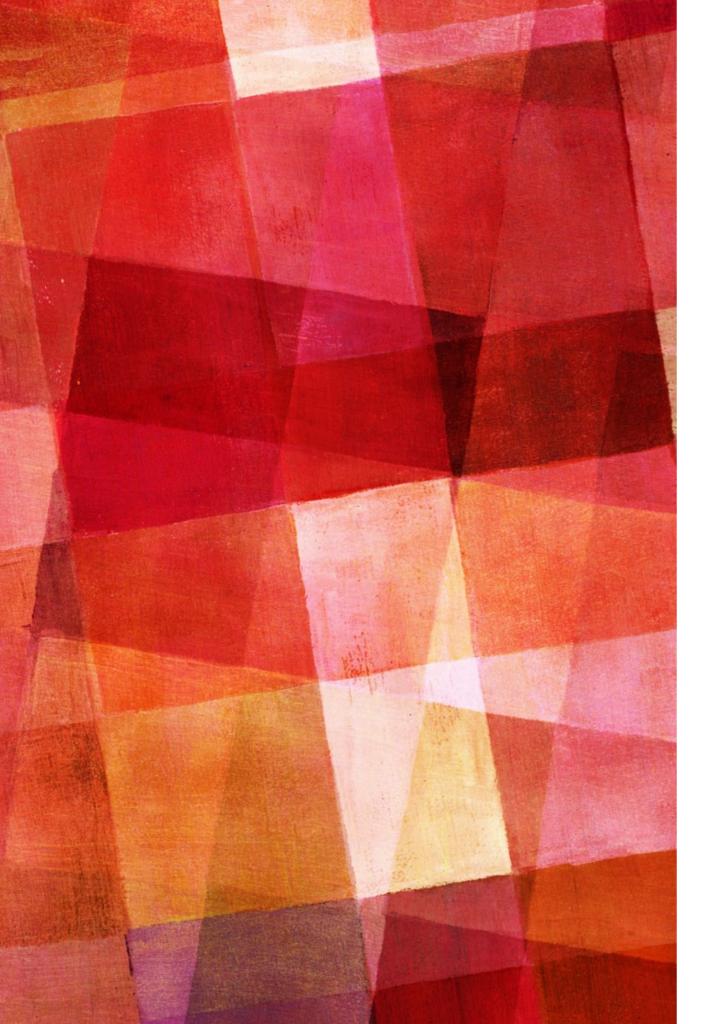
PETROL PRICE FLUCTUATION

Adhithyan V



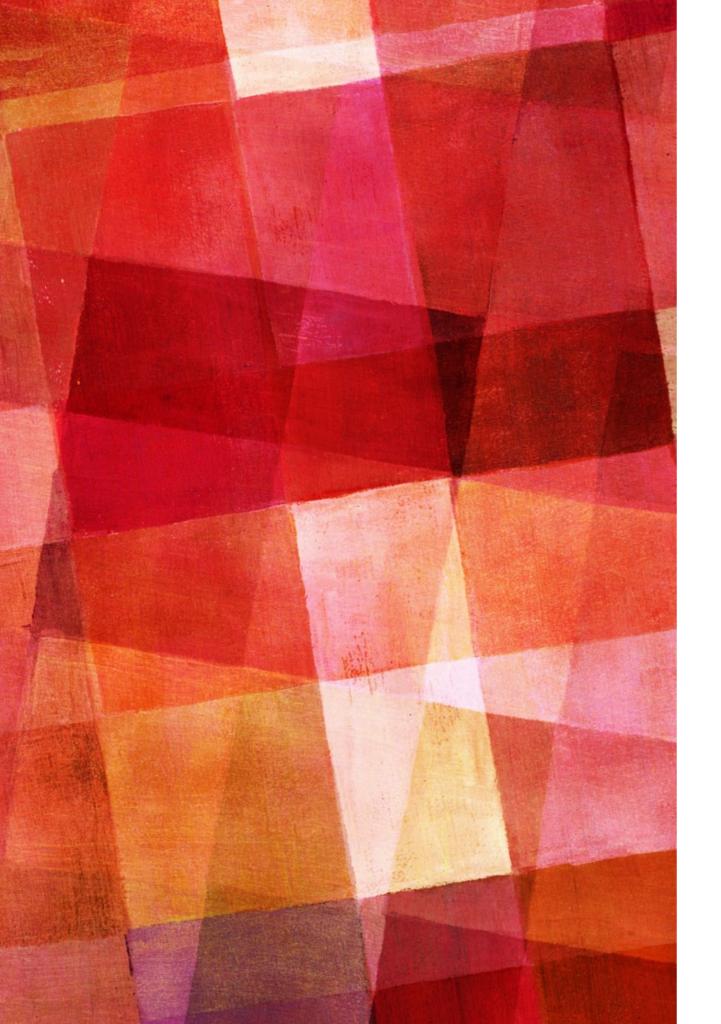
WHAT IS PETROL?

- ➤ 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.



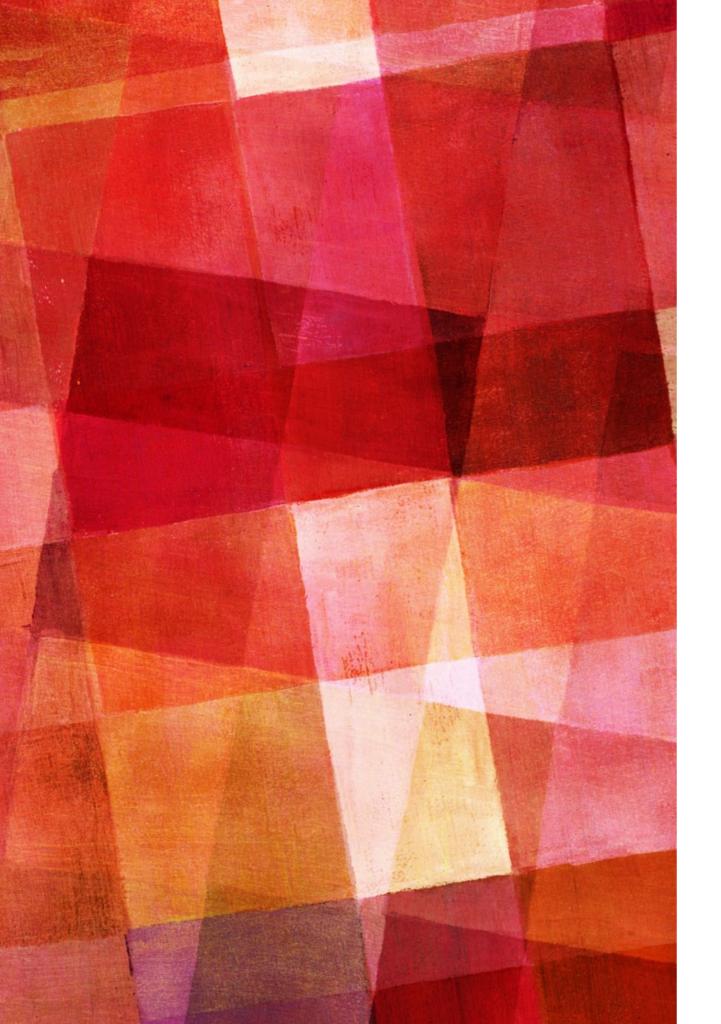
PRICE FIXATION

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



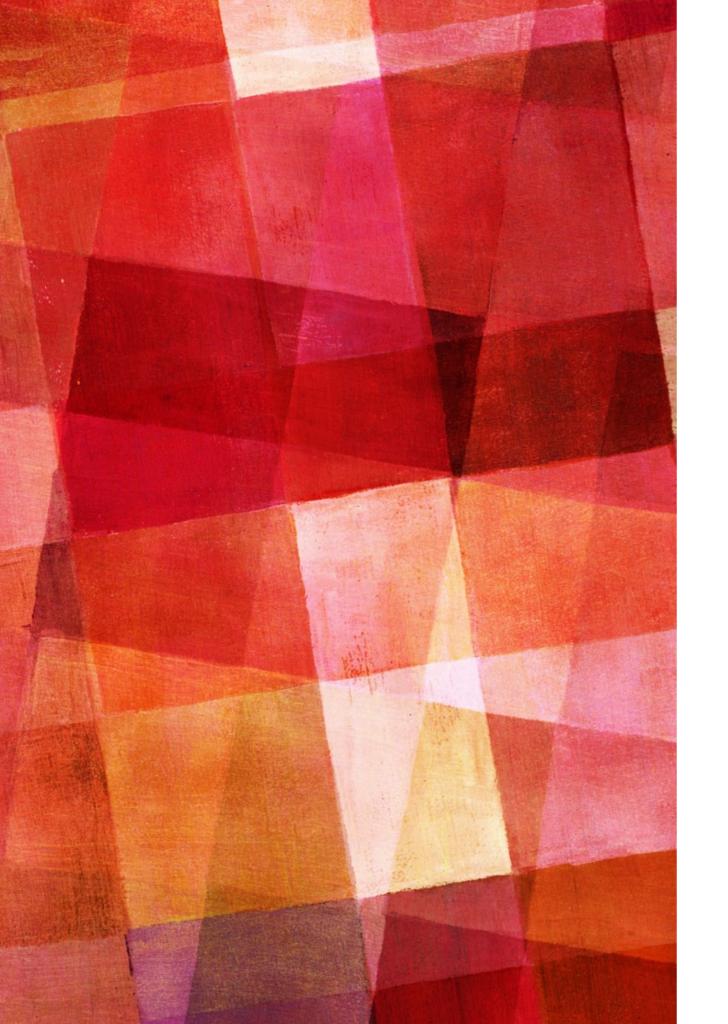
CAUSES OF FLUCTUATION

- ➤ 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



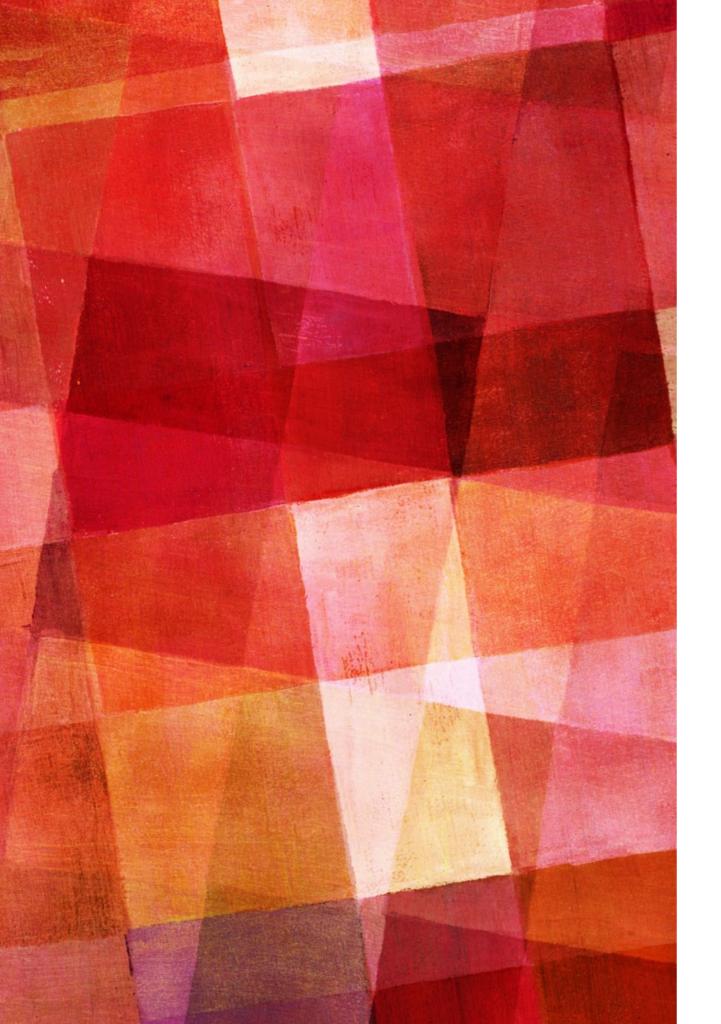
CRUDE OIL PRICE DETERMINATION

- ➤ 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



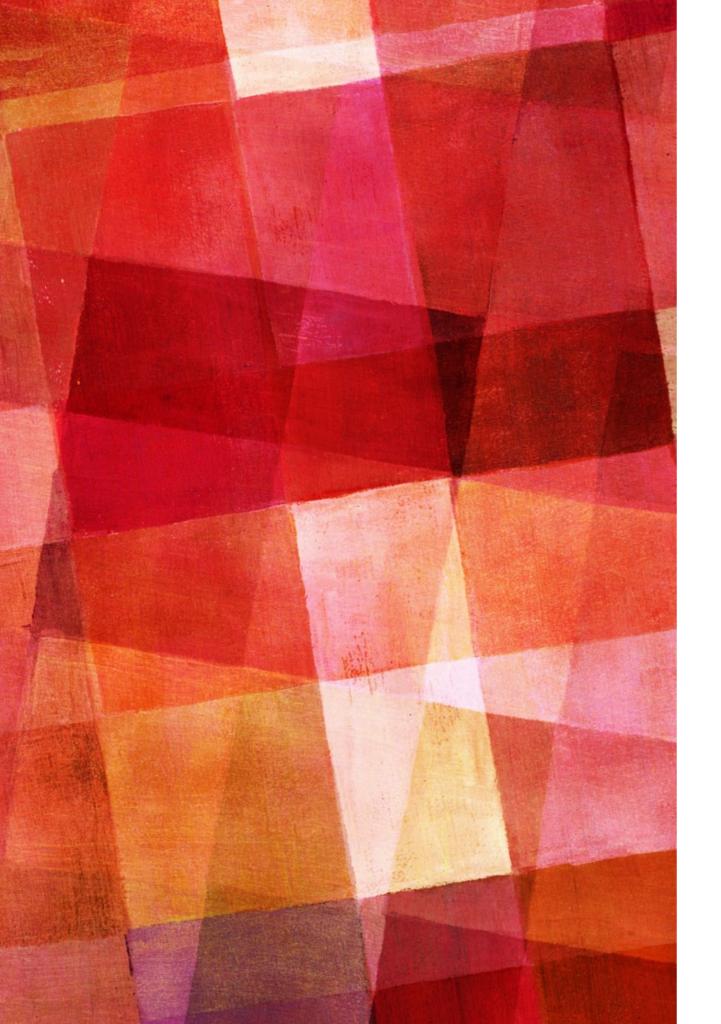
INFLUENCE OF OPEC

- 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



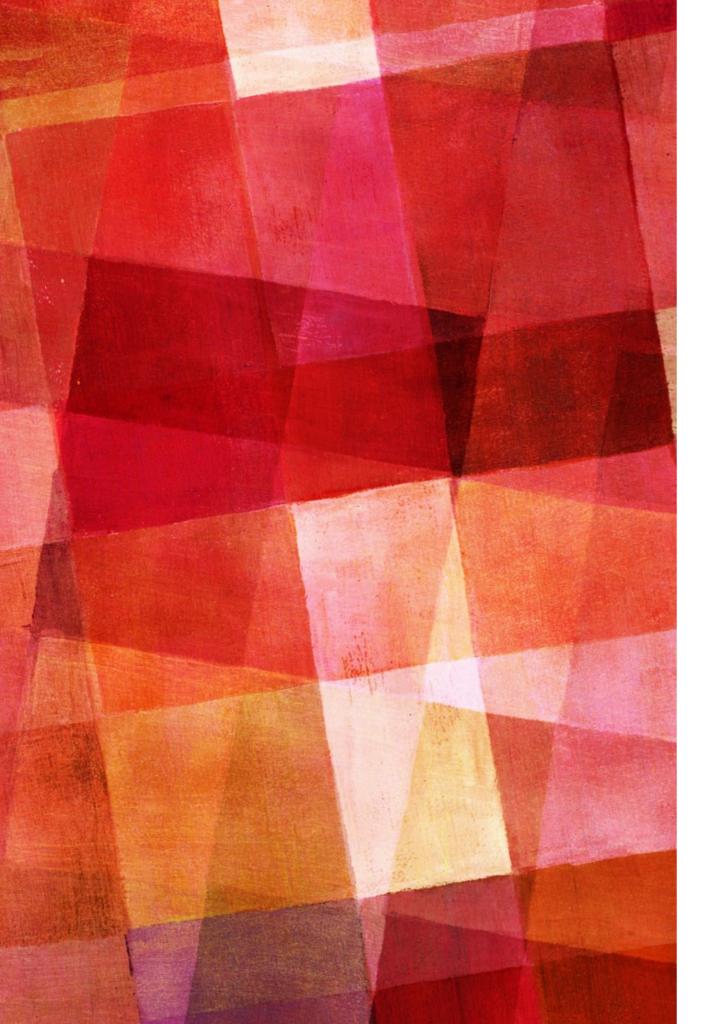
PETROL PRICE BREAKUP

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



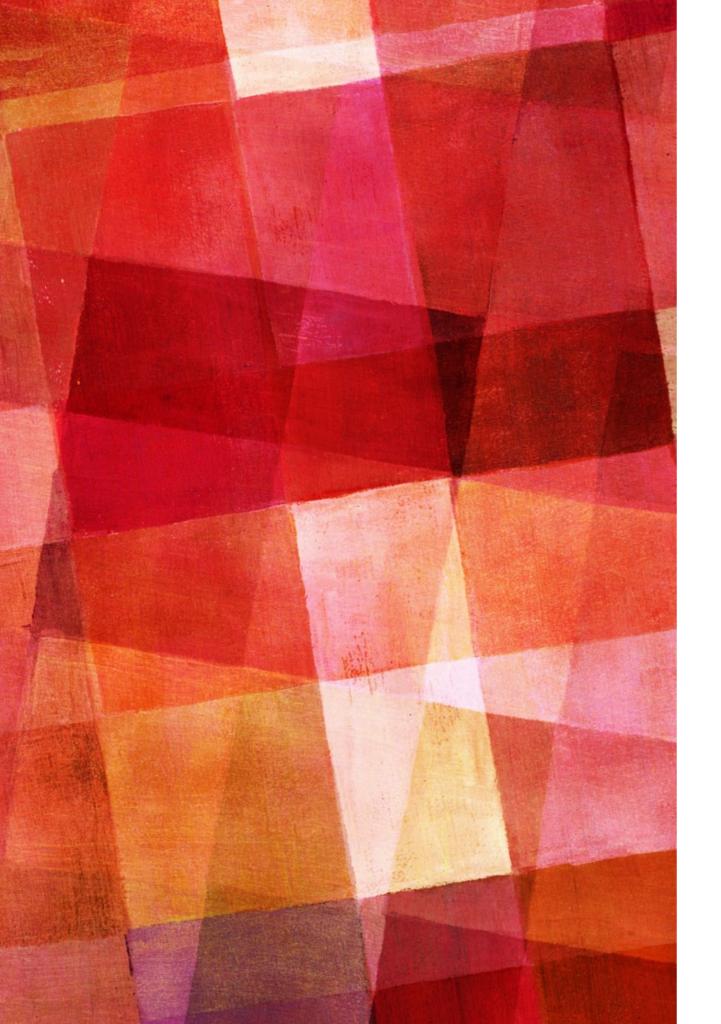
SCENARIO IN INDIA

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



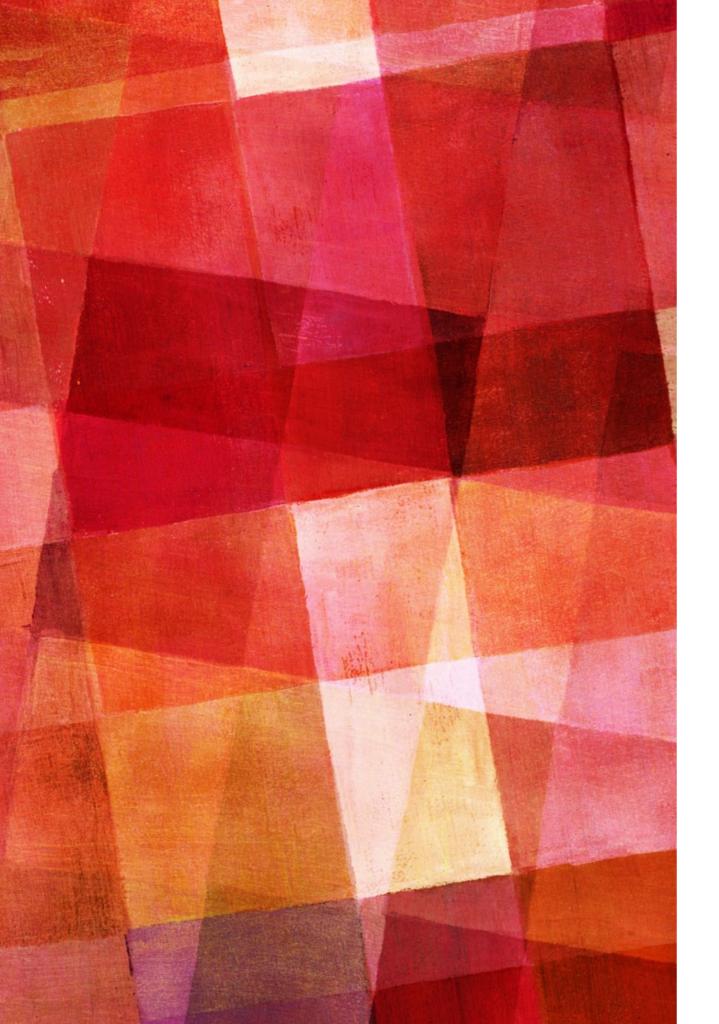
ROLE OF GOVERNMENT- CAN PRICE BE CONTROLLED

- 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



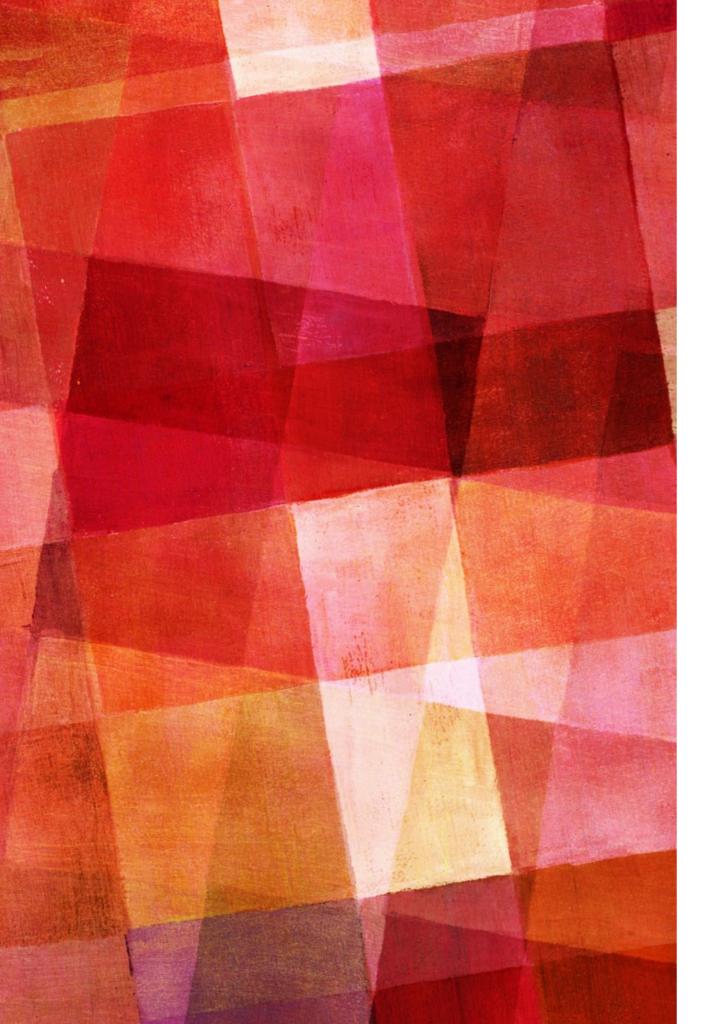
WILL THE GOVERNMENT REDUCE ITS TAX REVENUES

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



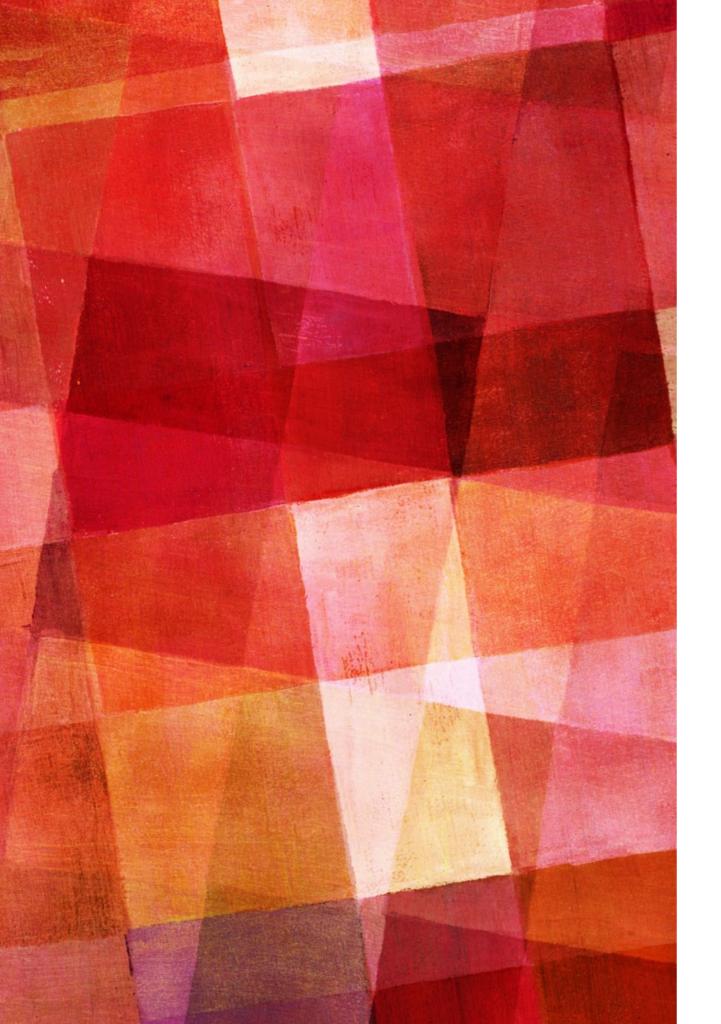
WHY PETROL PRICE IS INCREASING COMPARED TO DIESEL, LPG ETC

- 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

- ➤ 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
- \triangleright two wheelers * 7 = 1 car
- ➤ middle class two wheelers



VISUALISATION – CHENNAI PETROL PRICES

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

66

Thank You.