PREFACE

The invention of the motor car by Karl Friedrich Benz in 1885 created a market for petrol, a new refined product (petrol is called Benzin after Karl Benz in Germany). In 1898, Rudolf Diesel invented an engine in which oil was ignited by compression, the diesel engine he invented came to power larger vehicles, after this, the production and use of motor vehicles spread rapidly in the United States, especially after 1908 when Henry Ford began mass manufacture of his Model T, and petroleum and diesel oil became the most important refined precuts, first in the US and progressively across the world.

Since May 2012, crude oil prices have declined sharply below $100 per barrel from $120.5 per barrel in April 2012 mainly because of increased concerns over the recovery of stressed European economies as well as fears of slowdown in global crude oil demand. Also, production form many countries, including the US, Iraq, Libya, Saudi Arabia, etc, has increased significantly since the last one year.

Prices have declined after remaining persistently high for almost two years. Crude oil prices had increased to $120 per barrel in April 2012 from $85 per barrel in April 2010. Prices surged mainly because crude oil demand rebounded by 3.3% in 2010 post the economic downturn, and also due to intensifying of geo-political tensions in various Middle Eastern and North African (MENA) countries like Egypt, Libya, Syria, Yemen and Sudan. Additionally, January 2012, the US and European Union enforced sanctions against importing of crude oil from Iran. In response, Iran threatened to block the Gulf of Hormuz. This added a significant risk premium to crude oil prices, which traded at around $120 per barrel since February 2012.

So under this research work, I have tried to find out very cause of low profitability among selected refinery industry in India, I have also tried to compare the profitability of selected refineries with its liquidity positions. With the help of different ratios related to liquidity and profitability got the exact magnitude of the problem, having applied F test verify the significance of differences, I have tried liquidity profitability matrix to justify the very trade off traditional theory of liquidity vis a vis profitability, as they seem to relate inversely with each other, whereas somewhere they seem complimentary in relationship.