

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

UNSTARRED QUESTION NO:7634
ANSWERED ON:15.05.2000
PRICES OF GAS AND OTHER PETROLEUM PRODUCTS
RAJESH VERMA

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Government have fixed prices for gas and other petroleum products on the basis of cost of production etc. within the country;
- (b) if so, the factual, audited break up of these costs;
- (c) the actual costs and actual sale price of these products exclusive of taxes;
- (d) whether the Government have asked CAG to go into this matter; and
- (e) if so, the outcome thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) to (c): The consumer price of natural gas is not fixed based on the cost of production. With effect from 1.10.97, the consumer prices of natural gas at the landfall point have been linked to the international price of a basket of fuel oils with the linkage increasing from 55% in 1997-98, 65% in 1998-99 and 75% in 1999-2000. The current consumer price of natural gas is also linked to 75% of the international price of fuel oil. The price of natural gas is under review for the period 2000-2002. As regards petroleum products, Government, in November, 1997, decided the details of phased programme of dismantling of Administered Pricing Mechanism. The said decision, inter-alia, includes the following:-

(i) That system of retention pricing would be abolished for all (existing and new) refineries, and pricing of petroleum products at the refinery gate level would move towards import parity. However, Refinery Gate prices of controlled products viz. MS, HSD, SKO, LPG and ATF would be fixed at 'adjusted import parity' prices.

(ii) That consumer prices of major petroleum products would be moved to market prices and prices of other major products, viz. LPG, ATF, SKO and MS would be moved towards principle of import parity in a phased manner and pricing of Paraffin-Wax, Bitumen, Naphtha, FO and LSHS would be decontrolled.

(iii) That, the price of diesel would continue to be fixed on the principle of import parity as per Cabinet decision of 01-09-1997.

The phased programme of reforms has been initiated with effect from 1.4.98.

(d) & (e): Accounts of public sector oil companies and the Oil Coordination Committee are audited by CAG.