

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

UNSTARRED QUESTION NO:703

ANSWERED ON:23.02.2006

RANGARAJAN COMMITTEE REPORT

Chinta Mohan Dr. ;Owaisi Shri Asaduddin;Scindia Shri Jyotiraditya Madhavrao;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the Inter-Ministerial Committee set up under the chairmanship of former Governor of Reserve Bank of India (RBI), Dr. C. Rangarajan to formulate a long term pricing policy for petroleum products has submitted its report to the Government;
- (b) if so, the details of the recommendations made by the Committee;
- (c) the follow-up action taken by the Government; and
- (d) if not, the time by which the committee is likely to submit its report ?

Answer

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

(a)&(b): Yes, Sir. The Rangarajan Committee report on pricing and taxation of petroleum products was submitted to the Government on 17.2.2006. The main recommendations of the Committee are as follows :-

1. On pricing of petrol and diesel:

- (i) Shift to a trade parity pricing formula for determining refinery gate as well as retail prices;
- (ii) Government to keep at arms length from price determination and to allow flexibility to oil companies to fix the retail price under the proposed formula; and
- (iii) Reduce effective protection by lowering the customs duty on petrol and diesel to 7.5%.

2. On pricing of domestic LPG and PDS kerosene:

- (i) Restrict subsidized kerosene to BPL families only;
- (ii) Raise the price of domestic LPG by Rs.75/cylinder;
- (iii) Discontinue the practice of asking upstream companies to provide upstream assistance, but instead collect their contribution by raising the OIBD cess from the present level of Rs.1,800/MT to Rs.4,800/MT; and
- (iv) Government meeting the balance cost of subsidy from the budget.

3. On restructuring excise duties: Shift from the present mix of specific and ad-valorem to a pure specific levy and calibrating the levies at Rs.5.00/litre of diesel and Rs.14.75/litre of petrol.

The Committee has recommended that each of the first two sets of recommendations should be implemented as integrated packages.

(c)&(d): The recommendations of the Committee are under examination of the Government.