

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:3730
ANSWERED ON:10.09.2007
INCREASE IN PRICES OF CRUDE OIL
Siddeswara Shri Gowdar Mallikarjunappa

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the increase in crude oil prices has led to rise in price of essential commodities in the domestic market;
- (b) if so, the details thereof; and
- (c) the action taken to ensure that local traders do not take undue advantage of the situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN)

(a) to (b): The Global prices of crude oil and petroleum products have remained high and volatile since 2004 onwards. The steep increase in oil prices is having major impact on the public sector Oil Marketing Companies (OMCs) and the Indian economy. The level of prices of essential commodities is determined largely by a variety of factors operating on the demand and supply side. These include domestic production, arrivals in the market, quantity of imports, international prices, consumption requirements, expectations regarding behaviour of prices etc. Increase in international prices of crude oil has also an impact on prices of essential commodities as commodities like edible oils are being diverted towards generation of bio-fuels at the cost of food. Secondly, it also led to increase in transport cost resulting in rise in prices of essential commodities.

(c): In view of the steep rise in international oil prices of sensitive petroleum products, OMCs are modulating the price increase in petrol and diesel besides maintaining the prices of subsidized products like domestic LPG and PDS Kerosene, in consultation with the Government. The Government has adopted the principle of equitable burden sharing amongst three stakeholders, namely, the Government, the PSU oil companies and the consumer's to protect the interest of common man and vulnerable sections of society. The Government is closely monitoring the international oil prices and will continue to protect the interests of consumers.