

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

UNSTARRED QUESTION NO:949

ANSWERED ON:23.10.2008

INCREASE IN THE PRICE OF PETROL PETROLEUM PRODUCTS

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

- (a) whether the Government has increased the prices of petrol and petroleum products;
- (b) if so, the details and reasons therefor;
- (c) the comparative details of prices of petrol and kerosene during the last three years;
- (d) the composition of duties and taxes in the price of per litre of petrol in four metropolitan cities;and
- (e) the steps the Government would like to take to protect the interests of common man?

Answer

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

(a) & (b): The steep increase in the international oil prices is having a major impact on the financial position of the Public Sector Oil Marketing Companies (OMCs).In June,2008,the gross under-recoveries of the OMCs on the sale of sensitive petroleum products i.e. Petrol,Diesel, PDS Kerosene and Domestic LPG were estimated to be approximately Rs.2.45 lakh crore during the year 2008-09.In order to provide some relief to the OMCs,the Government has marginally increased the retail selling prices of Petrol,Diesel and Domestic LPG by Rs.5/- per litre, Rs.3/- litre and Rs.50/- per 14.2 kg. cylinder respectively,effective 5th June,2008.

(c): The comparative details of domestic prices of Petrol and PDS Kerosene during the last three years are given in Annexure – I.

(d): The composition of Duties and Taxes in the price of per litre of Petrol in four metropolitan cities is given in Annexure-II.

(e): To protect the interests of the common man from the high international oil prices,the Government has taken following measures:

(i) Ensured that the burden was equitably shared by all the stakeholders;namely,the Government, the Oil Companies and the consumers in the following manner:-

Issue of Oil Bonds by the Government to OMCs to compensate them partly for their under-recoveries;

Sharing of a part of the under recoveries by Upstream Public Sector Oil Companies by offering price discounts;

Downstream oil companies to bear the remaining under-recoveries;

(ii) Reduction of Custom Duty on crude oil to Nil and on Petrol & Diesel to 2.5%;

(iii) Reduction of Excise Duty on unbranded Petrol and unbranded Diesel by Re.1 per litre;and

(iv) Effecting only a marginal increase in the retail selling prices of Petrol,Diesel and Domestic LPG effective 5th June, 2008 although the OMCs' under-recoveries required a higher price increase.

Government is committed to protecting the interests of the common man and vulnerable sections of the society.