

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:274

ANSWERED ON:23.07.2004

RISE IN PRICES OF COAL PETROL AND DIESEL

Nitish Kumar Shri ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the cost of production in several industries is likely to increase as a result of recent hike in the prices of coal, petrol and diesel;
- (b) if so, the estimated increase in the cost of production in industries, particularly cement, steel, automobile, construction industry etc. as a result of this price increase;
- (c) the percentage of increase in the consumer price as a result of increase in this cost of production;
- (d) whether this price increase would adversely affect the production in these industries; and
- (e) if so, the details thereof ?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY [SHRI KAMAL NATH]

(a) & (b): Energy is an essential input and an increase in the prices of fuel would affect the cost of production. However, the impact on different industries would vary according to the input proportion and type of fuel used in each industry. It is, therefore, not possible to determine the exact quantum of price increase for different industries.

(c): The percentage increase in Consumer Price Index (Industrial Workers) for the month of May 2004, over May, 2003 has been only 2.83 percent.

(d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO OF IN REPLY TO PARTS (d) & (e) OF LOK SABHA STARRED QUESTION NO. 274 FOR ANSWER ON FRIDAY, THE 23RD JULY,2004

Rise in Prices of Coal, Petrol and Diesel

(d)&(e): The nature and the extent of impact on production would largely depend upon the technology mix, cost reduction strategies and energy saving measures adopted by industries. Further, as these are manufactured through different process routes by different manufacturing units, it is not possible to quantify the overall impact of rise in prices of coal, petrol and diesel on cost of production even within an industry.