

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

UNSTARRED QUESTION NO:1171

ANSWERED ON:04.03.2010

HIKE IN PRICES OF PETROLEUM PRODUCTS

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

- (a) whether the Government proposes to increase the prices of petroleum products in the country;
- (b) if so, the details and the reasons therefor;
- (c) the number of times prices of petroleum products have been increased during the last three years, till date;
- (d) whether the Government has assessed its impact on the prices of essential commodities and common man;
- (e) if so, the details thereof; and
- (f) the steps taken by the Government to keep the prices of petroleum products stable?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

(a)&(b): In the Budget 2010-11, Finance Minister has restored the Customs Duty on Crude Oil from Nil to 5%, from 2.5%, to 7.5% on Petrol & Diesel, and from 5% to 10% on other specified petroleum products. The Excise Duty on Petrol and Diesel has also been increased by Re.1 per litre. As a consequence of this, the retail selling prices of Petrol and Diesel have been increased by Rs.2.71 per litre and Rs.2.55 per litre respectively (at Delhi) with effect from 27.2.2010 with corresponding increases in the rest of the country. The retail selling prices of PDS Kerosene and Domestic LPG have not been increased.

(c) The details of major revisions in the retail selling price of sensitive petroleum products during the last three years (at Delhi) are given below:

(Rs. per litre/cylinder)

Revision	Petrol Kerosene	Diesel LPG	PDS	Domestic
01.04.07	42.85	30.25	9.09	294.75
06.06.07	43.52	30.48	-	-
15.02.08	45.52	31.76	-	-
05.06.08	50.56	34.80	-	346.30
09.06.08	-	-	-	304.70#
06.12.08	45.62	32.86	-	-
29.01.09	40.62	30.86	-	279.70#
02.07.09	44.63	32.87	-	-
27.02.10	47.43	35.47	-	-
Current Price	47.43	35.47	9.23	281.20#

State Government of Delhi has provided subsidy of Rs.40 per cylinder w.e.f. 09.06.08.

(d) to (f): While increase in the retail prices of Petrol and Diesel will impact the Wholesale Price Index (WPI) to some extent, any increase in the rate of inflation will depend on the trend of prices of other commodities considered in the WPI basket.

There has been an unprecedented rise in the international oil prices since 2004. The Government has not passed on the full burden of the increased international oil prices to the common man. As passing on the entire impact of the increase in the oil prices to the consumers would result in a steep increase in the domestic prices and aggravate inflationary conditions, the Government has been following an equitable Burden Sharing Mechanism, to ensure that the burden of under-recoveries is shared by all the stakeholders; namely the Government, the Public Sector Oil Companies and the consumers in the following manner:

Government through issue of Oil Bonds/Cash Subsidy

Domestic upstream oil companies through price discounts to OMCs

OMCs to bear a portion of the under recoveries and

Consumers to bear minimal price increases.