

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

UNSTARRED QUESTION NO:2438
ANSWERED ON:11.03.2010
HIKE IN PRICES OF PETROLEUM PRODUCTS
Naik Dr. Sanjeev Ganesh,Sule Supriya

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

- (a) whether a meeting of the Chiefs of Public Sector Oil Marketing Companies was held with the Prime Minister in January, 2010 in connection with price mechanism of petroleum products;
- (b) if so, the details thereof; and
- (c) the main points discussed in the meeting alongwith the outcome thereof?

Answer

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

(a)to(c): Prime Minister reviewed the performance of the Oil Sector CPSUs in a meeting held on 13.1.2010. In the meeting, following decisions were taken:

(i) Finance Minister and Minister of Petroleum & Natural Gas (P&NG) would meet to take a view on the oil bonds/cash assistance to be released to the Public Sector Oil Marketing Companies (OMCs) to compensate them for their under-recoveries.

(ii) It was observed that in view of the need to make large scale investments for enhanced production of oil and natural gas and to compensate the Oil PSUs, particularly the OMCs, for the under-recoveries accumulated due to control of price of four sensitive petroleum products, there was an urgent need to review the issues relating to their sustainable pricing. Hence, the Ministry of Petroleum & Natural Gas would expeditiously examine/ process the report of the Expert Group on "Viable and Sustainable Pricing Policy" headed by Shri Kirit Parikh, and take follow up action for appropriate decisions.

On the above decisions, following actions have been taken:

(a) A meeting was held on 14.1.2010 amongst the Finance Minister and Minister for P&NG alongwith the senior officials of the two Ministries on the under-recoveries for the Financial Year 2009-10. After the meeting, Ministry of Finance has confirmed a budgetary support of Rs.12,000 crore as the share of the Government towards meeting the under-recoveries for the year 2009-10.

(b) The Expert Group constituted under the Chairmanship of Dr. Kirit Parikh to advise on "A Viable and Sustainable System of Pricing of Petroleum Products" has submitted its Report on 3.2.2010. The Government has not taken a decision on the implementation of the Expert Group's recommendations.