

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

STARRED QUESTION NO:63

ANSWERED ON:04.08.2011

HIKE IN PRICES OF PETROLEUM PRODUCTS

Nagorao Shri Dudhgaonkar Ganeshrao;Upadhyay Seema

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

(a) the present prices of petroleum products in India in comparison to their prices in countries like Pakistan, Sri Lanka, Bangladesh, Malaysia, China and the United States and the reasons for higher price in India as compared to those countries;

(b) the number of times the domestic and international prices of petroleum and petroleum products have increased during the last three years;

(c) whether the domestic prices of petroleum products are not in consonance with the international prices;

(d) if so, the reasons therefor; and

(e) the steps taken by the Government to keep the prices of petroleum/petroleum products under check?

**Answer**

MINISTER OF PETROLEUM AND NATURAL GAS(SHRI S. JAIPAL REDDY)

(a) to (e): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 63 asked by Shrimati Seema Upadhyay and Adv. Ganeshrao Dudhgaonkar to be answered on 4th August, 2011 regarding "Hike in Prices of Petroleum Products."

(a): The prices of sensitive petroleum products i.e. Petrol, Diesel, Kerosene and Domestic LPG in India in comparison to other countries are as under—

(Price in Indian Rupees)

	Petrol	Diesel	PDS	Domestic
	Kerosene	LPG		

India (Delhi)	63.70	41.29	14.83	399.00
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Pakistan1	41.81	46.70	44.06	757.04
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Sri Lanka1	50.30	34.37	24.67	863.40
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Bangladesh1	44.80	27.32	27.32	469.24
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Nepal1	63.24	45.38	45.38	819.60
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USA2	43.59	46.60	NA	NA
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France2	96.97	71.26	NA	NA
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Germany2	98.20	75.01	NA	NA
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United Kingdom2	98.67	84.64	NA	NA
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Italy2	98.53	75.40	NA	NA
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#### Sources:

1. Price of Pakistan, Sri Lanka, Bangladesh and Nepal are as per Indian Oil Corporation Ltd.

2. Prices of Petrol and Diesel in USA, France, Germany, United Kingdom and Italy are as per International Energy Agency (IEA) report "End-use petroleum product prices and average crude oil import costs" for June 2011.

Retail selling prices of petroleum products in China and Malaysia are not available.

Whereas the retail selling prices of PDS Kerosene and Domestic LPG in India are the lowest in comparison to neighboring countries, the retail selling price of Diesel is comparable with prices in neighboring countries and much lower than the prices in European countries.

(b): The prices of crude oil and petroleum products in the international market fluctuate on daily basis depending on several factors including demand and supply conditions in the world. The minimum, maximum and the annual average price of Indian basket of crude oil in the international market during the last 3 years and the current year (upto August 1, 2011) are given below:

	(\$/barrel)		
	Minimum	Maximum	Average
2008-09	35.83	142.04	83.57
2009-10	46.95	80.94	69.76
2010-11	68.06	113.09	85.09
2011-12 (upto 01.08.2011)	102.25	122.07	112.81

Since India imports about 83% of its crude oil requirements, the international oil prices necessarily have a bearing on the domestic prices of petroleum products. The Government does not have any control on the international prices of crude oil and petroleum products. However, in spite of the rising international oil prices, the domestic retail selling prices of sensitive petroleum products, such as Diesel, PDS Kerosene and Domestic LPG in India are consciously being maintained at lower levels. The details of the revision in the retail selling prices of Petrol, Diesel, PDS Kerosene and Domestic LPG at Delhi during the last 3 years are given in the Annexure.

(c) and (d): In view of the high level of international oil prices, the retail selling prices of sensitive petroleum products in India have not been increased in line with the movements in international oil prices as is reflected in the Table below:

Percentage increase in international oil prices and domestic retail selling prices  
of sensitive petroleum products

Period	Indian Crude Basket	Changes in Domestic Retail Selling Prices
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	Petrol	Diesel	PDS Kerosene	Domestic LPG
May 2004 to July 2011	212%	89%	90%	65%

Based on the recommendations of the Kirit Parikh Committee, the Government has made the price of Petrol market-determined both at the Refinery Gate and at the Retail level with effect from 26.06.2010. Since then, the Public Sector Oil Marketing Companies

(OMCs) take appropriate decisions on the pricing of Petrol in line with the international prices and market conditions.

However, the Government continues to modulate the retail selling prices of Diesel, PDS Kerosene and Domestic LPG in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions. As a result, the OMCs are currently incurring under-recoveries `6.06 per litre on Diesel, `23.74 per litre on PDS Kerosene and `247 per cylinder of Domestic LPG. At these rates, the Public Sector Oil Marketing Companies are incurring daily under-recovery of `246 crore and if the average price of the Indian Basket of crude oil remains at around \$110/bbl during 2011-12, their total under-recovery is expected to be of the order of `1,21,915 crore.

(e): To insulate the consumers from the high and volatile international oil prices, the Government has eliminated 5% Customs Duty on crude oil with corresponding reduction in Customs Duty on petro products and reduced Excise Duty on Diesel by `2.60 per litre effective 25.06.2011. The remaining Excise Duty of `2.06 per litre on Diesel is earmarked towards Road and Education cess.