

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

UNSTARRED QUESTION NO:2332
ANSWERED ON:08.12.2011
WHITE PAPER ON PRICES OF OIL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government proposes to bring a white paper on the cost and profit factors of the price, the consumer is paying, in view of rising international prices of oil and Government's imposing duties on oil, both indigenous and imported;
- (b) if so, the details thereof;
- (c) if not, the reasons therefor;
- (d) whether the Government is taking the energy conservation seriously and ban future trading in crude oil forthwith; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH)

(a): No, Madam.

(b): Does not arise.

(c): The Government, in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, continues to modulate the retail selling prices of Diesel, PDS Kerosene and Domestic LPG. Their current prices are below the required market price, resulting in huge under-recovery to the Public Sector Oil Marketing Companies (OMCs) on the sale of these products. Based on the refinery gate price effective 1.12.2011, the OMCs are currently incurring under-recovery of 12.03 per litre on the sale of Diesel, 28.56 per litre on PDS Kerosene and 287.00 per cylinder on Domestic LPG. To give further relief to the consumers, the Central Government eliminated Customs duty on crude oil with corresponding reduction in Customs duty on petroleum products and reduced Excise duty on Diesel by 2.60 per litre with effect from 25.6.2011. Through these measures, Government sacrificed annual revenue of 49,000 crore. In spite of these measures, OMCs are expected to incur under-recoveries of 1,32,016 crore during the current financial year.

(d)to(e): The Government looks upon oil conservation through its efficient utilisation as a quicker, efficient and economic source of energy. With this in view, Petroleum Conservation and Research Association (PCRA) was set up by the Government in 1978 with the specific mandate to promote conservation of petroleum products in the major sectors of economy like transport, industry, households and agriculture. The main programmes conducted for oil conservation are as under:

(i) Energy Audits of oil consuming industries,

(ii) Fuel Oil Diagnostic Studies for consuming industries ,

(iii) Driver Training Programme for drivers of Road Transport Corporations and other volunteers,

(iv) Model Depot Project, and

(v) Mass Awareness Programme through electronic and print media. As regards to ban future trading in crude oil, Department of Consumer Affairs has informed that there is no such proposal before the Government to ban future trading in crude oil, at present.