

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

UNSTARRED QUESTION NO:648

ANSWERED ON:15.03.2012

FUEL PRICE HIKE

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

- (a) whether the hike in the prices of fuel is driven by the increase in international prices of crude oil and falling rupee;
- (b) if so, the steps contemplated by the Government to provide relief to the common man by rolling back or controlling the prices once the situation is stabilized;
- (c) the number of times and dates on which prices of petroleum products such as petrol, diesel, CNG and LPG have been increased or decreased during the last three years alongwith the increase of dealers commission during the said period;
- (d) the cost of petroleum products at the time of import and the reasons for high prices of these products after refining; and
- (e) the quantum of petroleum products exported by private companies after refining alongwith the rates of export during the last three years, products-wise and year-wise?

**Answer**

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

(a): Yes, Madam.

(b): In the light of the recommendations made by the Expert Group headed by Dr. Kirit S. Parikh, the Government has made the price of Petrol market-determined with effect from 26.06.2010. Since then, OMCs take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions. Even after implementation of the market determined pricing, the OMCs have been making price revisions of Petrol in a guarded manner, at times, absorbing a part of under-recovery themselves.

However, the Government continues to modulate the Retail Selling Price (RSP) 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 of ` 12.17 per litre on Diesel, ` 28.66 per litre on PDS Kerosene and ` 439.00 per cylinder of Domestic LPG based on the RGP effective 7th March, 2012.

Further, the Government has eliminated 5% 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 effective 25.06.2011. The remaining Excise Duty of ` 2.06 per litre on Diesel is earmarked towards Road and Education cess. The Government also requested the State Governments to reduce the State levies. In response, 17 States have reduced State VAT/Sales tax on Diesel/PDS Kerosene/Domestic LPG.

(c): The details of revision in RSP of Petrol, Diesel and Domestic LPG during 2009-10, 2010-11 and 2011-12 are given at Annexure 1.

The details of revision in Dealers/Distributors commission on Petrol, Diesel and Domestic LPG during the last three years are given at Annexure 2.

As regards the prices of CNG, it is not regulated by the Government. The price of CNG is determined by the respective CGD operator/entity based on weighted average price of gas sourced by them. However, the price of CNG in Delhi as fixed by the Indraprastha Gas Limited, in the recent past is as under:

From To Sale Price inclusive  
of Excise Duty  
(Rs per kg)

02.01.2011 01.04.2011 29.00

02.04.2011 03.06.2011 29.30

04.06.2011 15.08.2011 29.80

16.08.2011 30.09.2011 30.00

01.10.2011 30.12.2011 32.00

31.12.2011 05.03.2012 33.75

06.03.2012 Till date 35.45

(d): The OMCs pay Trade Parity Price (TPP) for purchase of Petrol/Diesel and Import Parity Price (IPP) for purchase of PDS Kerosene and Domestic LPG to refineries. Further, the desired RSP of sensitive petroleum products for the consumers is calculated by adding the inland freight, marketing margins and duties & taxes to the price paid to refinery. The details of Refinery Gate Price (RGP) and subsequent element included in the RSP of Petrol, Diesel, PDS Kerosene and Domestic LPG effective 7th March 2012 at Delhi is given at Annexure 3.

(e): The quantity and value of petroleum products exported by private companies during the last three years, product-wise and year-wise is given at Annexure 4.