

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

UNSTARRED QUESTION NO:1970
ANSWERED ON:08.03.2013
OIL PRICES
Singh Shri Ravneet

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

- (a) whether Government has formulated any action plan to keep the oil prices in the country stable in view of growing crude oil prices in the world;
- (b) if so, the details thereof;
- (c) whether the Government is formulating any policy to utilise alternative gas resources too as an alternative to oil; and
- (d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT. PANABAACA LAKSHMI)

(a)&(b) In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling prices of Diesel to retail consumers, PDS Kerosene and Subsidized Domestic LPG resulting in incidence of under-recoveries on the sale of these products to the Public Sector Oil Marketing Companies (OMCs). Based on the Refinery Gate Price (RGP) effective 1.3.2013, OMCs are incurring under-recovery of rs 11.26 per litre on the retail sale of Diesel, rs 33.43 per litre on PDS Kerosene and rs 439.00 per 14.2 kg cylinder on Subsidized Domestic LPG.

Besides, the Government has taken a number of steps including rationalization of taxes and duties to reduce the impact of high oil prices in international markets on domestic consumers. The measures taken in the recent past includes:

- (i) shift to specific rate of excise duty from ad valorem rate to protect consumers when prices go high;
- (ii) reduction in specific rate of duty on Motor Spirit (Petrol) from rs 14.35 to rs 9.20 per litre;
- (iii) full exemption on the import of crude oil;
- (iv) concessional rate of customs duty @ 2.5% on the import of Petrol and Diesel; and
- (v) full exemption from customs and excise duty on sale of Domestic LPG and PDS Kerosene; and
- (vi) price of PDS Kerosene and Subsidized Domestic LPG has not been increased since 25.06.2011.

(c)&(d) Considering the importance and potential of alternate source of oil and gas, Government has initiated steps for identification of prospective areas and assessment of Shale Gas resources in the country as well as to formulate a policy on Shale Gas. Further, resource estimation of Shale Gas has been taken up by United States Geological Surveys (USGS), Oil & Natural Gas Corporation (ONGC) and Central Mining and Planning Design Institute (CMPDI).