

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

UNSTARRED QUESTION NO:356

ANSWERED ON:06.12.2013

PRICING OF PETROLEUM PRODUCTS

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

- (a) whether an Expert Group under the chairmanship of Dr. Kirit S. Parikh has been constituted by the Government to advice on price methodology of petroleum products;
- (b) if so, whether the Expert Group has submitted its report to the Government;
- (c) if so, the details thereof and its salient recommendations along with the response of the Government thereto;
- (d) whether the Expert Group has recommended for additional increase in price of diesel; and
- (e) if so, the details thereof and the reasons therefor along with its likely impact on inflation, consumers and the Oil Marketing Companies?

Answer

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

(a)&(b): The Government had constituted an Expert Group on 12th June, 2013 to advice on Pricing Methodology for Diesel, Domestic LPG and PDS Kerosene under the chairmanship of Dr. Kirit S. Parikh. The Expert Group submitted its report to the Ministry of Petroleum & Natural Gas on 30th October 2013.

(c): The summary of the recommendations made by the Expert Group in their report is given in Annexure.

(d)&(e): In view of the prevailing high under-recovery on Diesel by the Public Sector Oil Marketing Companies (OMCs), the Expert Group has recommended an immediate increase of ` 5/litre in Retail Selling Price (RSP) of Diesel along with a fixed subsidy of ` 6/litre.

The impact of increase in price of Diesel on various segments such as Cars/ SUVs/ 3 Wheelers, Buses/ STUs, Trucks & LCVs etc. have been studied by the Committee. The Committee has mentioned that while Diesel price increase leads to a small increase in inflation, not doing so involves a much higher inflation in the long run.