

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

UNSTARRED QUESTION NO:184
ANSWERED ON:19.11.2009
IMPACT OF PRICE RISE ON THE ECONOMY
Pakkirappa Shri S.

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

- (a) whether the Government has assessed the impact of continued rise in prices of crude oil at the international level on the economy of the country;
- (b) if so, the details thereof;
- (c) the measures taken by the Government to meet the situation and contain the prices of petroleum products in the domestic markets; and
- (d) the total increase in the import bill of the country during the last two years ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

(a)to(c): To protect the consumer and the economy from the increasing price volatility and uncertainty of the international oil prices since 2004-05, Government has been modulating the retail selling prices of the four sensitive petroleum products; namely Petrol, Diesel, Domestic LPG and PDS Kerosene, as an administrative measure.

Since passing on the entire impact of the increase in the oil prices to the consumers would have resulted in a steep increase in the domestic prices, the Government has been following an equitable Burden Sharing Mechanism, to ensure that the burden of under-recoveries was shared by all the stakeholders; namely the Government, the Public Sector Oil Companies and the consumers. By adopting this approach, the Government has not only protected the consumers from high international oil prices but has also ensured the financial health of the Public Sector Oil Marketing Companies.

(d): The increase in the net import bill on account of crude oil and petroleum products during the last two years was as under:

Year	Rs./Crore	% increase over previous year
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2008-09 (P)	2,87,825	29.1
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2007-08	2,22,911	24.5
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