

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

UNSTARRED QUESTION NO:3350

ANSWERED ON:10.08.2015

Prices of Petroleum Products

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

- (a) whether the prices of crude oil are likely to come down in the international market due to lifting of international sanction against Iran and over supply of crude oil due to increased production in the world;
- (b) if so, whether the Government has negotiated with Iran for importing oil and estimated that crude oil prices/import bill expected to come down drastically in terms of rupee and the amount of foreign exchange money expected to save in view of the above particularly oil imports from Iran at discounted price and if so, the details thereof;
- (c) whether the crude oil prices in the international market has been drastically lower during the last three years and the current year and if so, the details of crude oil prices and the import bill during the above period;
- (d) the details of increase/decrease in the prices of petrol, diesel, LPG, CNG, PNG, Kerosene, ATF and natural gas including reasons for such increase alongwith taxes/duties imposed by the Government on the said petroleum products during the above period and the steps taken to uniform petroleum prices across the country, product/State-wise; and;
- (e) the concrete steps/study undertaken to reduce the prices of petroleum products including natural gas in proportion of international prices of crude oil and natural gas and find out the mechanism to impose lesser burden on the consumers in the event of possible price rise of crude oil/petroleum products in international market, product-wise?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN)

- (a) In the event of lifting of sanctions on Iran, the world oil supply is likely to go up due to additional production. This however may take time. The increased supply in the world market may lead to lower crude oil prices depending on demand and supply balance.
- (b) India is already importing crude oil from Iran as per the reduced quota set by the Joint Plan of Action between the P5 + 1 and the Islamic Republic of Iran reached on November 24, 2013.
- (c) The average price of Indian basket of crude oil and crude import bill during the last three years and the current year are given below:
- | Year                              | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-----------------------------------|---------|---------|---------|---------|
| Price (\$/barrel)                 | 107.97  | 105.52  | 84.16   | 59.83   |
| (up to 4.8.15)                    |         |         |         |         |
| Crude oil import bill (Rs. crore) | 784652  | 864875  | 687350  | 129221  |
| (Q1 2015-16)                      |         |         |         |         |
- (d) The details of revision in prices of Petrol, Diesel, PDS Kerosene and Domestic LPG since 1st April 2012 are given in Annexure 1. The details of revision in price of ATF at Delhi (for Domestic airlines), sourced from IOCL, are given in Annexure 2. The demand of City Gas Distribution entities for Compressed Natural Gas (transport) and Piped Natural Gas (domestic) sector is met by 100% domestic natural gas supplied at uniform base price notified by the Government under new Domestic Price Guidelines dated 23.10.2014. However, Government do not control/determine the retail selling price of Compressed Natural Gas (transport) and Piped Natural Gas (domestic) to end consumer. This is determined by the concerned City Gas Distribution entity as per market conditions.

The details of taxes/ duties in the prices of Petrol and Diesel during the last 3 years and the current year are given below.

Rs./litre

Date Petrol Diesel

As on 01.04.2012 14.78 2.06

14.09.2012 9.48 3.56

12.11.2014 11.02 5.11

03.12.2014 13.34 6.14

02.01.2015 15.40 8.20

17.01.2015 onwards 17.46 10.26

Further, the Customs Duty on Petrol and Diesel is 2.5%. The Customs and Excise duty on PDS Kerosene & Domestic Subsidized LPG is NIL.

As regards uniformity in prices of petroleum products, the basic price and excise duty levied by the central government is uniform across the country. However, the final prices vary from market to market mainly due to changes in State level VAT/ Sales tax and local freight/ delivery charges/ levies etc.

(e): The prices of Petrol and Diesel have been made market determined effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on price of these products in line with changes in the prices in international market and market conditions. However, in order to protect the consumers from the fluctuations in the prices in the international market, the Government continues to modulate the retail selling price of PDS Kerosene its basic price has not been increased since 25th June 2011. As regards domestic LPG after launch of DBTL, its consumers get the LPG cylinders at Market price and receive LPG subsidy directly into their bank accounts.

Government has implemented New Domestic gas Pricing Guidelines, 2014 to balance the requirements of both producing and consuming sectors.

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