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Title: Statement regarding prices of Petroleum products.

MR. SPEAKER: Now, we have a statement by the Minister of Petroleum, Shri Murli Deora.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): Sir, with your permission, I beg to lay on the Table of the House a copy of the statement regarding prices of petroleum products.

In view of the softening of prices in the international oil markets there is a widespread expectation amongst the public of a reduction in the retail prices of petrol and diesel. The Chairperson of the UPA and the President of the Congress Party, Smt. Sonia Gandhi has also drawn the attention of the Government to suitably reduce the prices of petrol and diesel for protecting the interest of the consumers in general and of vulnerable sections in particular. The Government has been receiving requests from hon. MPs for reduction in prices of petrol and diesel.

In this context, the hon. Members are aware that the international crude oil prices have remained high over the last year putting a heavy burden on our economy and oil companies.

The UPA Government under the Common Minimum Programme has remained steadfast in its commitment to protect the common man and the most vulnerable sections of our society and therefore has not increased the prices of PDS Kerosene and domestic LPG in last 2 years.

In order to put the least possible burden on the common man and also to protect the health of our oil Navratna companies, we have evolved a policy of equitable burden sharing to deal with the consequences of high international oil prices.

\* Laid on the Table and also placed in Library See No. LT 5070/2006)

Accordingly, 87% of the burden of increased international oil prices was shared by the Government through oil bonds and the oil PSUs. Only a marginal increase in prices of petrol and diesel of Rs. 4 and Rs. 2 respectively was effected in June 2006 against the required increase of about Rs. 10/litre each. You may recall that at that time the prevailing international price was \$67/bbl for the Indian Basket of crude oil.

At the time of implementing even this marginal increase in June 2006, the Government had assured the MPs, and the public that it will keep a close watch on the international prices and would be open to a review if the prices come down and stabilize.

In August 2006, the prices touched \$75/bbl. Our burden went up. But we held the price line.

Today, the prices of international crude are in the range of \$56-58/bbl. The extent of losses/under recovery on petrol and diesel combined has come down. However, the situation with regard to LPG and SKO continues to remain difficult as no price increases were made in these products.

Keeping the totality of circumstances in mind the Government under the guidance of hon. Prime Minister, Dr. Manmohan Singh, has decided to reduce the retail selling prices (at Delhi) of petrol by Rs. two per litre, and that of diesel by Re. one per litre with effect from midnight tonight for public sector oil marketing companies.

We are maintaining a close watch on the international oil prices and accordingly will consider revision in the retail prices in future.

We continue to provide kerosene at about Rs. nine per litre with a subsidy of about Rs. 14 per litre to the most vulnerable groups. This is in line with the commitment of the CMP. Further, this subsidy on fuel compliments the subsidy on foodgrains to BPL families. The Ministry is also conscious that unscrupulous elements take advantage of this subsidy to use these fuels as adulterants. Therefore, we are pursuing anti adulteration drives and devising new schemes to ensure that the deserving beneficiaries are not deprived of their entitlements.

MR. SPEAKER: You can lay it if you like. Do you want to read it?

SHRI MURLI DEORA : Sir, I have already laid it on the Table of the House.

MR. SPEAKER: All right, it is laid on the Table of the House.

The House stands adjourned to meet tomorrow, the 30<sup>th</sup> November, 2006, at 11 a.m.

**19.43 hrs**

The Lok Sabha then adjourned till Eleven of the Clock

on [\[r85\]](#) Thursday, November 30, 2006 / Agrahayana 9, 1928 (Saka).

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[\[r15\]](#)contd by u1.e

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[\[r18\]](#)Cd by s1.e

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[\[R27\]](#)

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[\[r32\]](#)Cd by k2.e

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[\[r34\]](#)Cd by m2

[\[r35\]](#)Cd by n2

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[\[r85\]](#) Friday, March 10, 2000/Phalgun 20, 1921 (Saka).