

LOK SABHA DEBATES

LOK SABHA

*Tuesday, February 25, 1986/Phalgun 6,
 1907 (SAKA)*

*The Lok Sabha met at Eleven of the
 Clock.*

 [MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

[*English*]

Price increase of petroleum and petroleum products

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*21. SHRI SONTOSH MOHAN DEV :
 SHRI NARSINH MAKWANA :
 Will the Minister of PETROLEUM

AND NATURAL GAS be pleased to state :

(a) whether the prices of petroleum and petroleum products have been increased recently ;

(b) if so, the rates of increase for the different products ;

(c) the reasons for effecting the above increase in prices ;

(d) the estimated additional revenue earnings as a result of the increase in prices ; and

(e) the extent to which these hikes will raise the general price index ?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI CHANDRA SEKHAR SINGH) : (a) to (e). A Statement is given below.

Statement

(a) and (b). Yes, Sir. The prices of some petroleum products were increased with effect from 1.2.1986. The prices of some of these products were subsequently reduced with effect from 6.2.86. The rates of increase/decrease are given as under :

	Price prior to 31.1.86	Increase w.e.f. 1.2.86	Price as on 1.2.86	Decrease w.e.f. 6.2.86	Price as on 6.2.86	Percentage increase on 6.2.86 over 31.1.86
ATF	4739.85	500/KL	5239.85	—	5239.85	10.55
MS	6369.07	500/KL	6869.07	100/KL	6769.07	6.28
HSD	3007.55	180/KL	3187.55	72/KL	3115.55	3.59
SKO	1821.93	225/KL	2046.93	90/KL	1956.93	7.41
LPG	3028.98	700/MT	3728.98	280/MT	3448.98	13.87
(DOMESTIC)						

The weighted average increase in prices works out to 5.4%.

(c) Need to raise additional resources for the plan and contain the rapid growth in the consumption of the petroleum products, and curtail the value of imports.

(d) The estimated additional annual revenue earnings on account of increase in prices of petroleum products is likely to be of the order of about Rs. 530 crores per annum on projected offtakes.

(e) The rise in the prices of petrol, kerosene & HSD Oil will contribute to a rise of 0.21 per cent to the general wholesale price index.

SHRI SONTOSH MOHAN DEV : I must congratulate the hon. Minister that after raising the prices of petroleum products from 1.2.1986, the Government was pleased to reduce the prices on the demand of some of the Congress representatives. Now, I would like to ask him whether it is a fact that prices of kerosene and LPG were increased substantially during the golden rule of Janata Party.

PROF. MADHU DANDAVATE : It was a diamond rule and not golden rule.

SHRI SONTOSH MOHAN DEV : If that be the case, what was the comparative rise in prices of petroleum products during the two-year of Janata rule and two-year period of Congress rule ?

The Minister has stated that the consumption of petroleum products will be reduced. May I know the positive steps Government has taken to reduce the consumption in Government and semi-Government organisations ?

SHRI CHANDRA SEKHAR SINGH : In reply to the latter part of the question first, the growth of demand of consumption of petroleum products for the five petroleum products for which prices were raised, was 9 per cent between April to December, 1985. And if we take a long-term perspective from July, 1984 to December, 1985 over the same period *i.e.* July, 1983 to December, 1984, the rate of growth was 7 per cent. It is estimated that due to price rise, the demand will be declined by 1.2 per cent. The price elasticity of demand being .25 per cent and the

recent increase 5.4 per cent, the decline in demand is expected to be 1.2 per cent. The Government is not resting content with this only. We are evolving a comprehensive package of measures for conservation of petroleum and petroleum products. This will cover not only the working of the refineries itself but all the sectors of the economy like industrial sector, the transport sector, the agricultural sector and household sector. It is expected that that way we would be able to reach the plan assumption level of 6.4 per cent.

Regarding the first part of the question about comparable rise during the Janata period and during the two years of Congress rule *(Interruption)* The question is there....

SHRI SOMNATH CHATTERJEE : If you have got the particulars, then it is an inspired supplementary.

SHRI CHANDRA SEKHAR SINGH : From December, 1977 to September, 1979 there were two rise. For kerosene the price rose by 19.4 per cent and for diesel 19.6 per cent. The average price rise was 19 per cent plus. During 1985-86 and 1986-87—if the prices are not raised again during 1986-87—the weighted average price rise of SKO and diesel is 10.6 per cent. So, it is 19 per cent as against 10.6 per cent.

PROF. MADHU DANDAVATE : You have not given the figures of prices under the first Government headed by Pandit Jawaharlal Nehru.

SHRI CHANDRA SHEKHAR SINGH : After all, there is some work left for you also to do.

PROF. MADHU DANDAVATE : So, you want us to come back. All right, we will do it.

SHRI SONTOSH MOHAN DEV : Sir, in view of the fact that the Government, in the last three years, has given permission to various automobile industries, to have new motor cars, is there any thinking in the Government and whether the Petroleum Ministry has coordinated with the Industry Ministry to rethink about

this licensing procedure, and whether the existing licences will continue or not ?

SHRI CHANDRA SHEKHAR SINGH : Sir, the Government is in agreement with the approach of the hon. Member and we feel that some of the policy decisions taken in the past may have to be reviewed if conservation of petroleum products has to be encouraged. I took a meeting of all the concerned Secretaries of the Ministries and I hope that in a month or so we will be able to place before the House the package of measures which we intend to adopt in the future.

[Translation]

SHRI NARSINH MAKWANA : Hon. Speaker, Sir, I want to know from the hon. Minister as to how consumption is going to be reduced with the increase in prices and how he proposes to reduce the value of imports ?

SHRI CHANDRA SHEKHAR SINGH : I have already told that the consumption will go down due to two measures. The first is that with the increase in prices the consumption is reduced and this is based on our past experience. The same thing can also be said on the basis of experiences in other countries. As I told earlier, the price elasticity of demand is 0.25 per cent. On this basis, the demand is estimated to be reduced by 1.2 per cent. Secondly, the reduction in consumption is being achieved through conservation measures. The target for rate of growth of demand envisaged in the plan document is 6.4 per cent.

[English]

Orissa's power requirement

*22. **SHRI JAGANNATH PATTNAIK :** Will the Minister of ENERGY be pleased to state :

(a) the extent of power shortage in Orissa and its effect on the performance of industries, public undertakings and Talchar Thermal Power Plant ; and

(b) whether there is any proposal for supply of minimum requirement of Orissa

from the National Grid and proper planning for thermal power in view of the abundant coal resources in the State of Orissa ?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER (SHRI ARIF MOHAMMAD KHAN) : (a) The power shortage in Orissa during April, 1985 to January, 1986 was about 17.5 per cent. The continued power shortage has mainly affected heavy and power-intensive industries. The unsatisfactory performance of Talcher Thermal Power Station and low reservoir levels have contributed to the power shortage.

(b) To mitigate the power shortage, Orissa is being supplied power from neighbouring systems to the extent practicable. To augment the generating capacity in Orissa, two projects namely, Ib Valley Thermal Project and Talcher super thermal power station are under consideration.

SHRI JAGANNATH PATTNAIK : Sir, keeping the power shortage and its effect in view, will the State of Orissa be given power assistance from out of the unallocated quota, if that is available with the Centre in different thermal plants, as a short-term strategy and if so, from where, by when and up to what extent, particularly to meet the needs of the Central sector in the State ?

SHRI ARIF MOHAMMAD KHAN : Sir, the only Central station in the eastern region from where unallocated power or its share can be supplied to Orissa is Farakka which has already been commissioned and which will start commercial generation from the month of March onwards. This direction is already there that unallocated power from any Central Government thermal station will be given to a State which is facing more serious shortage. So, from Farakka, Orissa will be entitled for more power from the unallocated share when Farakka starts its commercial generation.

SHRI JAGANNATH PATTNAIK : Our national objective is that we should achieve self sufficiency in power supply during the 7th Plan. Keeping this in view,