

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

UNSTARRED QUESTION NO:1315

ANSWERED ON:01.12.2005

PRICES OF CRUDE OIL

Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

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

(a) whether the sale prices of petrol and diesel for the consumers were increased in the country in September, 2005 when the international prices of crude oil had gone up;

(b) if so, whether the prices of some petroleum products have come down in the country with the decrease of prices of crude oil in the international market in October-November, 2005;

(c) if so, the details of such specific petroleum products; and

(d) the reasons for not reducing the consumer prices of petrol and diesel ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): Yes, Sir. The prices of petrol & diesel have been increased by Rs. 3/litre and Rs.2/litre respectively from the midnight of 6th/7th September, 2005.

(b) to (d): Since the end of 2003, there has been an unprecedented, sharp and spiraling increase in international oil prices combined with considerable week-to-week and even day-to-day volatility.

Accordingly, since June 2004, Government elucidated the principles which would govern its policy of containing the burden of increase in international prices on consumers of sensitive petroleum products. It was decided that the burden should be equitably shared by consumers, the Government and the oil companies. In line with the increase in international prices as on 6.9.2005, the required increase in the prices of petrol, diesel, PDS kerosene and domestic LPG was Rs.10.79/litre, Rs.8.28/litre, Rs.11.63/litre and Rs.99.65/cylinder respectively. However, Government, in September 2005, increased the prices of petrol & diesel marginally. There has been no increase in the retail selling prices of PDS kerosene since April 2002 and that of domestic LPG since November, 2004.

In order to partially compensate the public sector oil marketing companies (OMCs) on account of past under-recoveries suffered on the above products, Government, in principle, has approved issuance of oil bonds.

Though, the international prices of crude and petroleum products have shown downward trend during October-November 2005, the OMCs are still incurring under-recoveries since the prevailing domestic prices of petrol, diesel, PDS kerosene and domestic LPG are lower than the current international prices.