

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

UNSTARRED QUESTION NO:1334  
ANSWERED ON:01.12.2005  
PRICE OF PETROLEUM PRODUCTS  
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**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the prices of petroleum products in India are higher in comparison to the other countries;
- (b) if so, the prevailing price of one liter petrol/diesel in international market as on date; and
- (c) the reaction of the Government thereto?

**Answer**

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

(a): The prices of petroleum products vary from country-to-country and are determined on the basis of country- specific economic and social factors including the strategy for resource mobilization by the Governments to meet the targeted economic growth, policy for development of the petroleum sector and the need to make available, products of mass consumption such as diesel, SKO & LPG at reasonable prices in the countries concerned. While the prices of petrol & diesel in Delhi are highest as compared to the prevailing prices in the neighbouring countries, the prices of PDS kerosene and domestic LPG are the lowest in Delhi.

(b): The average prevailing price of petrol/diesel in the international market during the month of November, 2005 was as under: \_

Petrol: US \$ 0.375 per litre(FOBSingapore)

Diesel: US \$ 0.363 per litre (FOB ArabGulf)

(c) : The Government is continuously monitoring the price situation. The pricing mechanism attempts to balance the interests of various stakeholders, viz., Consumers, Government and Oil Companies.

With a view to containing the burden of the increase in international prices on sensitive petroleum products, particularly since June 2004, the Government resorted to several measures which inter alia included downward revision in customs and excise duties on sensitive petroleum products and moderate price increases, especially in petrol and diesel from time to time. This has been done with a view to ensure equitable distribution of the burden amongst various stake holders, i.e. Government, oil marketing companies and consumers. Further, the Government has formulated a loss sharing scheme as per which upstream oil companies, namely ONGC, OIL and GAIL share 1/3rd of under-recoveries on sensitive petroleum products. The Government is also considering issue of bonds for under recoveries suffered by PSU oil marketing companies on subsidized petroleum products.

The Government has also constituted a high-powered committee under the Chairmanship of Dr. C Rangarajan. This Committee will examine the pricing and taxation structure in respect of petroleum products with a view to ensure stability and rationalization in pricing of petroleum products.