

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

UNSTARRED QUESTION NO:4402

ANSWERED ON:22.12.2005

REDUCTION IN PRICES OF AVIATION TURBINE FUEL

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

- (a) whether the Government has decided to reduce the prices of Aviation Turbine Fuel (ATF);
- (b) if so, the reasons therefor and the extent to which the prices are proposed to be reduced;
- (c) the number of times the prices of ATF were reduced in the last two years - alongwith the dates thereof;
- (d) whether the Government proposes to reduce the prices of other petroleum products;
- (e) if so, the details thereof; and
- (f) if not, the reasons therefor ?

Answer

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

(a)to(c): The prices of Aviation Turbine Fuel (ATF) were deregulated effective April, 2001. Government neither raises, maintains or reduces ATF prices. These are commercial decisions taken by the oil marketing companies (OMCs) in the light of prevailing market conditions. Recently, the public sector OMCs have reduced the domestic prices of ATF by around 1.8% in view of fall in international oil prices. The price revision in the ex-storage price of ATF (ex-Mumbai) during the last two years is at Annex.

(d) to (f): 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. Therefore, Government, in June 2004, 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. Therefore, the full impact of the international price increase has not been passed on to consumers of sensitive products and OMCs have been modulating the price increase in petrol & diesel besides maintaining the prices of subsidized products like domestic LPG & PDS Kerosene, in consultation with the Government. In consequence, OMCs have incurred huge under-recoveries on sensitive petroleum products namely, petrol, diesel, PDS kerosene & domestic LPG. The prices of other petroleum products are determined by OMCs based on commercial considerations.

ANNEX

EX-STORAGE POINT PRICE OF ATF EX-MUMBAI

RS/KL

01.01.04	14110.00
01.02.04	15030.00
01.03.04	13790.00
01.04.04	13920.00
01.05.04	14820.00
01.06.04	17210.00
01.07.04	16150.00
01.08.04	17850.00
01.09.04	19900.00
01.10.04	20670.00
01.11.04	22730.00
01.12.04	20800.00
01.01.05	18030.00
01.02.05	18120.00
01.03.05	18030.00
01.04.05	21700.00

01.05.05 23550.00
01.06.05 21150.00
01.07.05 22560.00
01.08.05 23000.00
01.09.05 24630.00
01.10.05 25910.00
01.11.05 25390.00
01.12.05 22320.00