

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

UNSTARRED QUESTION NO:3148
ANSWERED ON:11.05.2006
INCREASE IN PRICE OF LPG
Vallabbhaneni Shri Balashowry

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

- (a) whether the public sector oil companies have demanded to increase the price of LPG;
- (b) if so, the details thereof; and
- (c) the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a)&(b): In view of sharp escalation of LPG prices in international market and rising under-recoveries suffered by oil marketing companies, the oil PSUs have approached the Government for revision in price of LPG and other sensitive petroleum products.

(c): In order to formulate a long term pricing policy for petroleum products, the Government constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister.

The Committee was mandated to look into various aspects of pricing and taxation of petroleum products with a view to stabilizing/rationalizing their prices, keeping in view the financial position of the oil companies, the investment needed in the sector, the need to conserve petroleum products, and establishing a transparent mechanism for the autonomous adjustment of prices by the oil companies. Taking into consideration the interests of all stakeholders concerned, the Committee was to suggest a comprehensive mechanism for pricing and taxation of sensitive petroleum products, and other allied issues. The Committee submitted its report to the Government on 17.2.2006. The Report is under consideration of the Government.