
Mr Deora in Lok Sabha on the pricing of Petrol and Diesel

Saturday, 04 Jul, 2009

Following is the uncorrected text of a statement by Mr Murli Deora minister of petroleum & natural gas made in the Lok Sabha.

1. When the price of the Indian basket of crude oil fell from its highest level of USD 142 per barrel in June, 2008 to USD 40 per barrel in December 2008, Government had responded by reducing the price of petrol by INR 10 a liter and the price of diesel by INR 4 a liter, in 2 stages within a space of 2 months. Thereafter, the international price of crude oil has risen from USD 40 per barrel in December 2008 to around USD 70 per barrel today. This increase in crude oil prices by about 75% since December, without corresponding increase in retail selling prices of sensitive petroleum products had resulted in OMCs' under recoveries going up. The OMCs' under recoveries were projected to be INR 70,200 crore, at an average Indian basket crude price of USD 70 per barrel, during 2009-10. Any delay in price revision would have jeopardized OMCs' liquidity position, with attendant consequences for smooth supply and distribution of essential fuels across the country.

2. In view of the continuous rise in international oil prices and since the country imports more than 75% of its crude oil requirements, a marginal increase in the prices of petrol and diesel had become unavoidable. However, while considering a price increase, Government has kept in mind the interest of the common man and the vulnerable sections of society. Accordingly, against the desired increase of INR 6.94 per liter, the retail price of petrol has been increased by only INR 4 per liter. Similarly, against the desired price increase of INR 4.11 per liter in Diesel, the retail price has been increased by only INR 2 per liter.

3. Having regard to the need to provide relief to the poor and the middle classes, Government has decided not to increase the retail prices of PDS Kerosene and Domestic LPG. Government is bearing a burden of INR 15.26 on each liter of PDS Kerosene and INR 92.96 on each cylinder of Domestic LPG. To ensure uninterrupted supply of these 2 products at subsidized prices, Government is prepared to bear the projected subsidy burden of over INR 30,000 crore in 2009-10.

4. We will keep the views expressed by Hon'ble members in mind and we will respond suitably in case there is a decline in international prices of crude oil. At the same time, I would appeal to State Governments to do their bit by revising downwards the sales tax imposed on Petrol and Diesel.

For more news visit at www.steelguru.com