

### De-regulation of prices of petro-products

†\*237. SHRI MOHAN SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government is contemplating to deregulate the prices of petroleum products and if so, the reasons therefor;

(b) the loss incurred by oil producing companies due to regulated price of petroleum products in the years 2008-09 and 2009-10 and the steps taken by these companies to make up these losses;

(c) the amount spent by Government on subsidy on petroleum products during the past two years;

(d) whether Government is considering to reduce the exorbitant tax burden of the Central and State Governments on petroleum products; and

(e) whether Government is going to fix the sale prices of petroleum products?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA): (a) to (e) With effect from 1.04.2002, the Administered Pricing Mechanism (APM) for petroleum products was dismantled and it was decided that the pricing of all petroleum products, except PDS Kerosene and Domestic LPG, would be market-determined. However, in view of the steep increase and high volatility in the international oil prices since 2004-05, the Government was modulating the retail selling prices of the four sensitive petroleum products; namely Petrol, Diesel, PDS Kerosene and Domestic LPG sold by the three Public Sector Oil Marketing Companies (OMCs), namely, Indian Oil Corporation, Bharat Petroleum Corporation and Hindustan Petroleum Corporation, to protect the consumer from the inflationary impact of international oil prices.

The Government had constituted an Expert Group under the Chairmanship of Dr. Kirit S. Parikh to advise on a viable and sustainable system of pricing of petroleum products. In the light of the recommendations made by the Expert Group the Government has decided that the prices of Petrol and Diesel, both at the Refinery Gate and at the retail level, be made market-determined. As a result, the price of Petrol went up by Rs.3.50 per litre. In the case of Diesel, however, it was decided

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†Original notice of the question was received in Hindi.

that for the present, the price would be increased by only Rs.2 per litre. It has also been decided that in case of a high rise and volatility in the international oil prices, Government will suitably intervene in the pricing of Petrol and Diesel.

In view of the importance of the household fuels, namely PDS Kerosene and Domestic LPG, the Government has decided that the subsidies on these petroleum products will continue. To reduce the under-recovery burden of the OMCs as also to protect the common man, the Government decided to increase the retail price of PDS Kerosene by only Rs.3 per litre and of Domestic LPG by only Rs.35 per cylinder (at Delhi), with corresponding increases in the rest of the country.

The details of the under-recoveries incurred by OMCs and compensation provided to the OMCs under the burden sharing mechanism by the Government & Public Sector upstream oil companies during 2008-09 and 2009-10 are as below:

		(Rs./crore)	
	Particulars	2008-09	2009-10
(a)	Total Under recovery	103292	46051
	Compensation through:		
(b)	Oil Bonds / Cash Assistance by Government	71292	26000*
(c)	Upstream assistance	32000	14430
(d)	<b>Total Assistance (b+c)</b>	<b>103292</b>	<b>40430</b>
(e)	<b>Under-recovery borne by OMCs (a-d)</b>	<b>0</b>	<b>5621</b>

\*Out of Rs.26,000 crore, Rs. 12,000 crore have been released to the OMCs.

In addition to the above, the fiscal subsidy given by the Government under the "PDS Kerosene and Domestic LPG Subsidy Scheme 2002" to the Public Sector Oil Marketing Companies (OMCs) during 2008-09 and 2009-10 was as below:

		(Rs./crore)	
		2008-09	2009-10
	Fiscal Subsidy on PDS Kerosene and Domestic LPG	2688	2770

Ministry of Finance has informed that at present, there is no proposal before the Government to alter the rates of Central indirect taxes. The prices of the petroleum products depend upon several factors and making changes in the rates of indirect taxes is not the sole method to achieve the objective.

Central Government has requested the State Governments to rationalize their taxes on sensitive petroleum products; namely Petrol, Diesel, PDS Kerosene and Domestic LPG, and also shift from the *ad-valorem* rates to specific tax component, for providing relief to the consumers. Consequently, the Government of National Capital Territory of Delhi has reduced the VAT rate on Diesel from 20% to 12.5% *w.e.f.* 20th July, 2010. The Government of Bihar has reduced VAT on PDS Kerosene from 12.5% to 4% *w.e.f.* 12.7.2010. The Government of Goa has reduced the VAT rates on Petrol, Diesel and Domestic LPG *w.e.f.* from 17th July, 2010 as follows:

Product	Changes
Petrol	Reduction in VAT rate from 22% to 20%
Diesel	Reduction in VAT rate from 20% to 18%
Domestic LPG	Reduction in VAT rate from 4% to Nil

#### Maternal health issues in rural areas

\*238. SHRIMATI SHOBHANA BHARTIA: Will the Minister of HEALTH AND FAMILY WELFARE be pleased to state:

(a) whether the current Maternal Mortality Rate (MMR) in rural areas continues to be over 250 deaths per one lakh births, despite the goal of the National Rural Health Mission (NRHM) to bring it to 100;

(b) whether one of the reasons for a continuing high MMR is the lack of adequate health facilities in many rural health centres;

(c) if so, the reasons therefor; and

(d) the detailed plans, if any, to address maternal health issues in rural areas?

THE MINISTER OF STATE IN THE MINISTRY OF HEALTH AND FAMILY WELFARE (SHRI DINESH TRIVEDI): (a) to (d) As per the Sample Registration System of the Registrar General of India (RGI-SRS), Maternal Mortality Ratio (MMR) in the country has shown a decline from 301 per 100,000 live births during the period 2001-03 to 254 per 100,000 live births during the period 2004-06.

The National Rural Health Mission (NRHM), has set the goal for reduction of Maternal Mortality Ratio (MMR) to 100 per 100,000 live births by the year 2012.