

**Effect of deregulation of diesel prices on farmers**

†422. SHRIMATI KANAK LATA SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has conducted any study on future ill-effects of deregulation of diesel prices in the country;

(b) whether following deregulation of diesel prices, Government can give guarantee to farmers that beyond a point they will not have to pay higher diesel prices;

(c) the details of policy Government would adopt to overcome far-reaching consequences on farmers in case of hike in crude oil prices in international market or farmers would be left to the demands of market fluctuation; and

(d) the extent of reduction in crude rates in international market and whether prices have accordingly come down in the country?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) to (c) The Expert Group set up to advise on a viable and sustainable system of pricing of petroleum products under the Chairmanship of Dr. Kirit S. Parikh in its report submitted in February, 2010 had *inter alia* recommended that the price of Diesel may be made market-determined. The Government on 25.06.2010 took a decision 'in principle' that its price would be made market-determined, both at Refinery Gate and Retail Level.

In September, 2012, the Kelkar Committee Report on 'Road Map for Fiscal Consolidation' (September, 2012) had, *inter-alia*, recommended that even if diesel price is not fully deregulated at this stage, the price adjustment should be done in small successive steps and the Government should move to complete deregulation of diesel as early as possible.

On 17.01.2013, the Government authorized the Public Sector Oil Marketing Companies (OMCs) to (a) increase the retail selling price of diesel in the range of 40 paise to 50 paise per litre per month (excluding VAT as applicable in different State/Union Territories) until further orders; and (b) sell diesel to all consumers taking bulk supplies directly from the installations of the OMCs at the non-subsidized market determined price.

Now, the Government has made the price of Diesel market determined both at Refinery Gate and Retail level for all consumers with effect from 19th October, 2014. At present there is no proposal before the Government to intervene in the pricing of diesel.

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†Original notice of the question was received in Hindi.

(d) In line with the reduction in prices in the international markets during last few months, the OMCs have carried out reductions in prices of petrol, diesel (after deregulation effective 19th October, 2014) and Non-Subsidized Domestic LPG. On the other hand, the prices of regulated petroleum products namely PDS Kerosene and Subsidized Domestic LPG, continues to be modulated by the Government and there have been no revision in their basic prices since June, 2011.

The details of average price of Indian basket of crude oil and revision in prices of major petroleum products since April, 2014 are given in the Statement. (See below)

**Statement**

*1. Average Price of Indian Basket of Crude Oil Since April, 2014*

Month	\$/bbl
April, 2014	105.56
May, 2014	106.85
June, 2014	109.05
July, 2014	106.30
August, 2014	101.89
September, 2014	96.96
October, 2014	86.83
November, 2014 (up to 20.11.14)	78.59

*Note* - The Indian basket of Crude Oil represents a derived basket comprising of Sour grade (Oman and Dubai average) and Sweet grade (Brent Dated) of Crude oil processed in Indian refineries in the ratio of 72.04:27.96 during 2013-14.

*2. Revision in Prices of Major Petroleum Products since 1.4.2014*

Date	Petrol	Diesel	PDS Kerosene	(₹/14.2 Kg Cyl.) Domestic LPG	
				Subsidized	Non-Subsidized
1	2	3	4	5	6
01.04.2014	72.26	55.49	15.25	414.00	980.50
16.04.2014	71.41				
01.05.2014					928.50

1	2	3	4	5	6
13.05.2014		56.71			
01.06.2014		57.28			905.00
07.06.2014	71.51				
25.06.2014	71.56				
01.07.2014	73.60	57.84	15.14 <sup>3</sup>		922.50
01.08.2014	72.51	58.40			920.00
16.08.2014	70.33				
31.08.2014	68.51	58.97			
01.09.2014					901.00
01.10.2014	67.86				880.00
15.10.2014	66.65				
19.10.2014		55.60			
23.10.2014				417.00 <sup>4</sup>	883.50
01.11.2014	64.24	53.35			865.00
Current Retail Selling Price	64.24	53.35	15.14	417.00	865.00

*Notes*— 1. Prices of PDS Kerosene is at Mumbai whereas prices of other products are at Delhi.

2. Prices of petrol and diesel as per IOCL.
3. State Specific Cost variation.
4. Due to distributors commission increase.

#### **Reduction in prices of crude oil *vis-a-vis* international market**

423. SHRI P. BHATTACHARYA:

SHRI PRAMOD TIWARI:

SHRI ARVIND KUMAR SINGH:

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

(a) whether prices of crude oil in international market has reduced from around 120 dollar per barrel to around 80 dollar per barrel;

(b) if so, the item-wise details thereof along with the reduction in price of petroleum products during the last six months;

(c) whether reduction in prices of petrol and diesel in domestic market is not in proportion to reduction in prices of crude oil in international market; and