

(c) the basis for arriving at the figure of ₹10 lakh to remove gas subsidy; and

(d) how much, through the above means, Government is planning to save and how many connections that Government is expected to cut through the above move?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) to (c) It is felt that consumers in the higher income bracket should get LPG cylinders at the non subsidized price. Hence, Government has decided to rationalize the subsidy outgo by excluding such LPG consumers from the purview of subsidy, whose or whose spouse have taxable income of ₹ 10 lakh and above during the previous financial year computed as per the Income Tax Act, 1961 *w.e.f.* 1.1.2016.

(d) The approximate annual subsidy saving is likely to be in the range of ₹ 406 crore (approx), assuming an average subsidy of ₹ 169 per cylinder.

#### **Drop in crude oil prices**

121. SHRI P. L. PUNIA:

DR. K.V.P. RAMACHANDRA RAO:

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

(a) the details of the prices of crude oil in the international market during the last two years and the reasons for not passing the full benefits of declining prices of crude oil in international market to consumers of petroleum products along with its likely impact on the poor and prices of essential commodities; and

(b) whether the huge drop in the crude oil prices helped the exchequer and oil companies to save more money from the oil subsidy account and if so, the details thereof along with subsidy/cash assistance given by the Central Government?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) The monthly average prices of Indian basket of crude oil since January, 2014 are given in the Statement (*See below*).

The prices of Petrol and Diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of Petrol and Diesel in line with their international prices and other market conditions. Further, Retail Selling Price (RSP) of Petrol and Diesel in the country are based on their respective international prices and OMCs are at present applying Trade Parity Pricing methodology to compute the RSP. Other cost elements in the

RSP of Petrol and Diesel viz Excise Duty, BS IV premium, marketing cost and margins etc. are specific costs which do not increase/decrease with the volatility in international prices of Petrol and Diesel. The element of excise duty which is specific in nature has increased since November, 2014. Most of the State Governments also have increased VAT on Petrol and Diesel. After taking into account these factors, OMCs have passed on major portion of the decrease in price to the consumers of Petrol and Diesel.

In order to protect the consumers from the fluctuations in the prices in the international market, the Government continues to modulate the RSP of Subsidized domestic LPG and PDS Kerosene and their basic prices have not been revised after 25th June 2011. After launch of DBTL, its consumers get the Domestic LPG cylinders at market determined price and receive LPG subsidy directly into their bank accounts.

(b) Reduction in under-recovery/subsidy burden is a combined result of various factors including reduction in international prices, gradual increase in RSP of Diesel and pricing/economic reforms carried out by the Government. The details of total subsidy/under-recovery on the sale of sensitive petroleum products since 2013-14 are given below:-

(₹ in crore)

Particulars	2013-14	2014-15	2015-16 (April-December)
Total subsidy/under recovery	146339	76308	22084
Cash assistance by Government	77211	31302	19801

**Statement**

*Monthly average prices of Indian Basket of Crude Oil Prices  
since the year 2014*

(\$/bbl)

	2014	2015	2016
January	105.29	46.59	28.08
February	106.19	56.43	29.80*
March	105.30	55.18	
April	105.56	59.07	
May	106.85	63.82	
June	109.05	61.75	