

## **PETROL AND DIESEL PRICES RAISED MARGINALLY; NO INCREASE IN PRICES OF COMMON-MAN'S FUELS -PDS KEROSENE AND DOMESTIC LPG**

The international price of crude oil has risen from \$ 40 per barrel in December 2008 to \$ 70 per barrel today. When prices had declined to \$ 40 per barrel, Government responded by reducing, in two steps, the price of petrol by Rs. 10 a litre and the price of diesel by Rs. 4 a litre. In view of the increase in the price of crude oil by 75%, the under recoveries have reached a level where it has become inevitable to revisit the prices.

Nevertheless, having regard to the need to provide relief to the poor and the middle classes, Government has decided that there will be no increase in the prices of PDS kerosene and domestic LPG. On this account alone, Government will bear a loss of over Rs. 30,000 crore in this financial year which is, in fact, a subsidy to the consuming public. On kerosene, the subsidy is Rs. 15.26 per litre and on domestic the subsidy is Rs. 92.96 per cylinder.

However, it has become necessary to make a marginal increase in the prices of petrol and diesel. Against the under recovery of approximately Rs. 6 per litre in petrol, the price will be increased by Rs. 4 per litre. Against the under recovery of Rs. 3.62 per litre in diesel, the price will be increased by Rs. 2 per litre.

Government hopes that the people will understand the circumstances under which it has become painfully necessary to make these adjustments in the prices of petrol and diesel.

The price increase will come into effect from the midnight of 1<sup>st</sup> / 2<sup>nd</sup> July, 2009.