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A statement circulated by Shri Ram Naik, BJP leader & former Petroleum Minister in a press-conference held on 29th May 2012 at Nagpur

Petrol Price Hike - March towards Financial Anarchy- Ram Naik

Nagpur, Tuesday: "Petrol price hike of Rs. 7.50 per litre is unprecedented in petroleum history and would lead to financial anarchy in the country. It will further accelerate the vicious circle of price rise. The sliding of rupee compared to US dollar is adding oil to the fire. Bharatiya Janata Party (BJP) and all allies of the National Democratic Alliance (NDA) have given a clarion call to wage war against the price increase. We appeal to the people to join 'Bharat Bandh' voluntarily on Thursday, 31st May", said Shri Ram Naik, BJP leader & former Petroleum Minister. He was addressing the media-persons to-day at Nagpur.

"If we do not oppose this insensitive petrol price increase now, the anti-people UPA Government led by the Congress will hit the common man with another dose of price increase of diesel, LPG cooking gas and kerosene and make our life miserable", warned Shri Ram Naik.

Explaining his views about the price increase of petroleum products Shri Ram Naik said, "It is true that prices of crude oil have increased in the international market. However the burden can be reduced by suitably adjusting import duty and excise duty. Instead of doing this, Finance Minister Shri Pranav Mukherjee appears to be interested in getting more revenue because of the price increase in crude oil. The Government can adopt a 'revenue-neutral' policy and pass on the additional revenue to customers by reducing the consumer prices. We had done accordingly during the regime of Prime Minister Shri Atal Bihari Vajpayee."

"It is not that India alone imports crude oil. Several countries, both developing and developed, import crude oil. While the recently increased price of petrol in Mumbai is Rs. 78.57 per litre, the same is being sold in developing neighbouring countries like Pakistan at Rs. 59.00 (less by Rs. 19.57), Shrilanka Rs.61.70 (less by Rs.16.87) and Bangladesh Rs.43.40 (less by Rs. 35.17). Even in developed countries like U.S.A. it is sold at Rs. 53.70 (less by Rs. 24.87) and Russia, Masco Rs. 50.20 (less by Rs. 28.37). It is therefore possible to reduce the prices by reducing the import and excise duties", added Shri Ram Naik.

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Stating that the quantum of import of crude oil of 70% in the regime of Shri Atal Bihari Vajpayee is now 80%, Shri Ram Naik said, "While India's dependence on imported crude is dangerously crossing the desirable level, no positive steps have been taken by Dr. Manmohan Singh Government to reverse the situation. While we initiated schemes of piped gas, ethanol, bio-diesel to help the common man, we also invested Rs.8,500 crore in Russian Sakhalin oil field and Rs.3,200 crore in Sudan. Our own oil is reaching India now. Our initiatives in exploration policy brought new finds of natural gas in Krishna-Godavari (K.G.) Basin in Eastern coast and of crude oil in Rajashtan. The production has also started. While no such efforts are being seen in the last eight years, hurdles are being created in production in K.G. Basin and Rajasthan."

"The decision of the Vajpayee Government to use ethanol as a supplementary fuel was thwarted by the Congress Government. We had taken a historical decision to manufacture ethanol from sugar molasses and to blend 5% in petrol. The field implementation started from 1st January 2003. The next step was to increase the percentage to 10%. The present Agriculture Minister Shri Sharad Pawar described the move as a boon to farmers. The implementation would have saved not only foreign exchange but also helped farmers to get better price for their cane and more profit to sugar factories. However as soon as the Manmohan Government came to power in 2004, they succumbed to liquor lobby and stopped purchasing ethanol. After a lapse of seven years, it is being said now that the issue is under reconsideration. Finance Expert Dr. Manmohan Singh alone is responsible for the loss suffered by farmers, sugar factories and the country during these seven years", argued Shri Ram Naik.

Stating that Dr. Manmohan Singh Government has no clear-cut petroleum policy, Shri Ram Naik said, "Keeping in mind the introduction of the new liberalization policy, the then Prime Minister Shri R.V. Narsimha Rao and Finance Minister Dr. Manmohan Singh appointed a High-Power Committee to restructure petroleum policy. The Government led by the Prime Minister Shri H.D. Devegouda and supported by the Congress accepted the Committee's recommendations and decided to deregulate the petroleum sector in stages upto March 2002. Accordingly the Vajpayee Government deregulated petrol and diesel. The Government owned oil companies used to study changes in the international oil market and to revise prices every fortnight. However Dr. Manmohan Singh who became Prime Minister in May 2004 discontinued the policy and the era of ad-hoc decisions started. After a lapse of six years, as a half-hearted measure Dr. Manmohan Singh Government deregulated only petrol, but keeping diesel under control. This has added to the confusion further. During this period, U.P.A. Government has seen three Petroleum Ministers, Shri Manishankar Iyer, Shri Murli Deora and Shri Jaipal Reddy. However none of them framed a positive policy, thereby creating further instability in this sensitive ministry."

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Due to ever increasing prices of petroleum products, the vicious circle of increasing prices of essential commodities has further accelerated. To quote few commodities, wheat in May 2004 has gone upto Rs. 22 in May 2012 (144% increase), rice from Rs.10 to Rs.24 (140% increase), sugar from Rs.14 to Rs. 35 (150% increase), tea from Rs.80 to Rs.250 (212% increase), Jaggery from Rs.14 to Rs.43 (207% increase), milk from Rs.14 to Rs.36 (157% increase), turdal from Rs.30 to Rs.70 (133% increase), edible oil from Rs.40 to Rs.98 (145% increase). Vegetables have gone beyond the reach of common man. What to eat is the most serious question before Aam Aadami", added Shri Naik.

"As if this was not enough, the Reserve Bank of India increased interest rates for 13 times during the last one and half years. The rupee compared to US dollar has slided from Rs.44.50 in April 2011 to Rs.56 in May 2012, a clean 26% slide creating insurmountable problems for the people. We cannot tolerate this state of affairs further. To demand a roll-back of petrol price increase, we have given a clarion call for Bharat Bandh. We therefore, appeal to the people to support the call voluntarily", said Shri Ram Naik at the end.

(Office Secretary)