

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:1730
ANSWERED ON:28.11.2002
LOSSES TO OIL COMPANIES AFTER DISMANTLING OF APM
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Public Sector Oil Companies have lost crores of rupees in the first 45 days of dismantling of administered pricing mechanism from April 1, 2002;
- (b) if so, the reasons and details thereof;
- (c) whether the Government propose to bring changes in the draft plan document relating to his Ministry including privatisation of oil companies; and
- (d) if so, the steps proposed to be taken to check the loss suffered by these companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS. (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): With the dismantling of Administered Pricing Mechanism (APM) with effect from 1st April 2002, oil companies have the freedom to fix the prices of all petroleum products except PDS kerosene and domestic LPG, in line with the prices prevailing in international oil market. However, with a view to facilitate a smooth transition from the APM to a free market scenario, oil marketing companies were advised not to revise the domestic consumer prices of diesel and petrol during the months of April and May 2002 despite an increase in the international prices of these products. The details of the financial burden incurred by the oil companies in this regard is yet to be finalised.

(c) & (d): There is no proposal under consideration for changes in the draft plan document relating to petroleum and natural gas sector.

The modalities for compensating the oil marketing companies have not been finalised as yet.