

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

STARRED QUESTION NO:260  
ANSWERED ON:05.12.2002  
NEW PRICING MECHANISM FOR SALE OF PETROL AND DIESEL  
IQBAL AHMED SARADGI

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

- (a) whether the national oil companies have decided to adopt a new pricing mechanism for sale of petrol and diesel at the coastal and inland location;
- (b) if so, whether after implementation of the new mechanism, petrol and diesel will cost less at the coastal locations whereas consumers in the inland areas have to pay a higher price;
- (c) if so, whether to prevent a steep hike in the prices of these fuels, oil companies have decided to recover the freight cost in phases; and
- (d) if so, the time by which the above price mechanism is likely to come into force?

**Answer**

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO.260 BY IQBAL AHMED SARADGI TO BE ANSWERED ON 5TH DECEMBER, 2002 REGARDING NEW PRICING MECHANIS SALE OF PETROL AND DIESEL.

(a) to (d): With the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector effective 1st April 2002, the prices of petrol and diesel have been decontrolled. While, in a free market scenario, the freight costs would be reflected in the consumer prices of these products, with a view to facilitate a smooth transition from the APM era to free market scenario, the public sector oil marketing companies are presently equalizing the inland freight costs to some extent amongst different locations in the country.