

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

UNSTARRED QUESTION NO:4322
ANSWERED ON:26.08.2004
WITHDRAWAL OF IMPORT DUTY ON PETROL AND DIESEL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government proposed to withdraw import duty in order to control the prices of Petrol and Diesel;
- (b) if so, the complete details thereof;
- (c) whether the companies dealing in retail trade of oil have suffered loss during the current year;
- (d) whether the Government propose to hike the prices of Petrol and Diesel to make up the loss suffered by the oil companies; and
- (e) if so, its likely effect on economy ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e): With a view to modulating the impact of high international prices on the domestic consumer prices of petrol and diesel, a price band mechanism has been put in operation as per which the Oil Marketing Companies (OMCs) can effect price revisions within the prescribed price band. In case the international prices breach the band ceiling, the Government may adjust the duties on petrol and diesel so as to contain the impact of increase in international prices on the domestic consumer prices of these products. With this objective in mind, effective mid-night of 18th/19th August 2004, the customs duties on petrol and diesel were reduced by 5% each and excise duties were reduced by 3% on each of the product. The Government had also earlier reduced excise duties by 3% on diesel and 4% on petrol effective mid-night of 15th/16th June 2004.