

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

UNSTARRED QUESTION NO:1974

ANSWERED ON:05.08.2010

DEREGULATION OF FUEL PRICES

Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan

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

(a) whether deregulation of motor fuel prices has cleared the way for private fuel retailers to reopen petrol pumps that had become unviable owing to Government cap on prices and could eventually lead to a price war between them and the state-run oil marketing firms;

(b) if so, whether deregulation of fuel prices would lead to unmatched hike in fuel prices; and

(c) if so, the extent to which it will benefit the consumer?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

(a) to (c): In the light of the recommendations made by the Kirit Parikh Committee constituted by the Government to advise on a viable and sustainable system of pricing of petroleum products, the prices of Petrol and Diesel have been made market determined with effect from 26.06.2010.

Market-determined pricing of Petrol and Diesel is expected to create a more level playing field for all oil marketing companies, induce market competition, encourage Oil Marketing Companies to reduce cost, improve efficiency and enhance service standards and thereby provide greater benefit to the consumers.

Subsequent to the decontrol of Petrol and Diesel prices, the oil companies are free to take suitable decisions on the pricing of these products on the basis of international oil prices, market conditions and commercial considerations. The Government will monitor the price situation and in case of a high rise and volatility in the international oil prices, Government will suitably intervene in the pricing of Petrol and Diesel.