

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

UNSTARRED QUESTION NO:721  
ANSWERED ON:29.07.2010  
COMMITTEE FOR PRICING OF AUTO AND COOKING FUEL  
Ramasubbu Shri S.

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

- (a) whether the Government has constituted a Committee to suggest reforms in the pricing of auto and cooking fuel;
- (b) if so, the details alongwith its compositions thereof;
- (c) the time by which its report is likely to be submitted;
- (d) whether any such Committees on the above subject have also been constituted earlier;
- (e) if so, whether their recommendations were been implemented;
- (f) if so, the details thereof; and
- (g) if not, the reasons therefor?

**Answer**

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

(a)to(c): The Government had constituted an Expert Group on 31.08.2009 under the chairmanship of Dr. Kirit S. Parikh, former Member, Planning Commission to examine the current pricing policy of the four sensitive petroleum products; namely, Petrol, Diesel, PDS Kerosene and Domestic LPG and to make recommendations for a viable and sustainable pricing policy for these products. The Group's terms of reference were:

- (i) Examination of the current taxation structure on the sensitive petroleum products, with particular reference to Petrol and Diesel and make recommendations to rationalize the taxes levied by the Central and State Governments.
- (ii) Examination of the financial health of the Public Sector Oil Marketing Companies and to recommend ways of compensating them for their under-recoveries in case they are not permitted to charge market prices as a result of Government's intervention, in order to protect consumers.
- (iii) Any other matter, which the Expert Group may consider necessary.

The composition of the Expert Group was as follows:

1 Dr. Kirit S. Parikh    Chairman  
Former Member, Planning Commission

2 Dr. Isher J. Ahluwalia    Member  
Chairperson, Indian Council for  
Research on International Economic  
Relations (ICRIER)

3 Finance Secretary, Ministry of Finance Member

4 Secretary,    Member  
Ministry of Petroleum & Natural Gas

5 Shri Suman K. Beri,    Member

The Expert Group has submitted its Report to the Government on 3rd February, 2010.

(d)to(g): Government had earlier constituted the following two Committees:

(i) Dr. Rangarajan Committee on Pricing and Taxation of Petroleum Products, on 17.2.2006; and

(ii) High Power Committee on the Financial Position of Oil Companies constituted under the chairmanship of Shri B.K. Chaturvedi on 31.7.2008.

The Government accepted the following recommendations of the Rangarajan Committee:

(i) Pricing of Petrol and Diesel to be determined on Trade Parity basis, which is the weighted average of Import Parity and Export Parity prices in the ratio of 80: 20.

(ii) Reduction of Custom Duty on Petrol and Diesel from 10% to 7.5% in June 2006.

(iii) 'In principle' decision to restrict the supply of subsidized PDS Kerosene to BPL families.