

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

UNSTARRED QUESTION NO:846

ANSWERED ON:29.07.2010

DECONTROL OF PRICES OF PETROLEUM PRODUCTS

Mahto Shri Baidyanath Prasad;Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the Government has decontrolled the consumer price and refinery gate price of petrol in the country;
- (b) if so, the facts thereof and the estimated benefits to accrue to the consumers, producers and the industry in wake of the implementation of this policy;
- (c) the average demand of petrol increased per year in the country during the last three years;and
- (d) the average percentage of demand of petrol recorded each year vis-À-vis the demand for the entire petroleum products in the country?

**Answer**

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

(a)&(b): Yes,Madam.In the light of the recommendations made by the Expert Group constituted to advise on viable and sustainable system of pricing of petroleum products, Government has inter-alia decided that the price of Petrol be made market-determined both at the Refinery Gate and at the Retail Level with effect from 26.6.2010.As a result, the price of Petrol went up by Rs.3.50 per litre.It has also been decided that in case of a high rise and volatility in the international oil prices, Government will suitably intervene in the pricing of Petrol.

The primary objective behind the pricing reforms undertaken by the Government is the growing imperative for fiscal consolidation, the need for reducing the subsidy burden on petroleum products so as to allocate more funds to social sector schemes for the common man, and for ensuring country's energy security in the long term. Market-determined pricing of Petrol is expected to induce market competition, encourage Oil Marketing Companies to reduce cost, improve efficiency and enhance service standards and thereby provide greater benefit to the consumers.

(c)&(d): The details of the growth in consumption of Petrol for the last three years are given below:

Year	Quantity (Million Ton)	Growth of consumption of petrol of all petroleum (%) products	Growth of consumption of all petroleum (%) products	Share of Petrol in total demand for petroleum products
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2007-08	10.33	11.3%	6.8%	8.0%
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2008-09	11.26	9.0%	3.6%	8.4%
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2009-10	12.82	13.9%	3.4%	9.3%
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