

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

UNSTARRED QUESTION NO:546

ANSWERED ON:11.11.2010

DECONTROL OF PETROLEUM PRODUCTS

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

- (a) whether the Government are contemplating to decontrol the prices of petrol and diesel;
- (b) if so, the details thereof;
- (c) whether prices of petrol and diesel are expected to be increased after decontrolling of these products;
- (d) if so, the impact on the economy after decontrolling of these petroleum products; and
- (e) the mechanism proposed to be devised by the Government to protect the interest of the common man?

Answer

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

(a)to(b): In the light of the recommendations made by the Expert Group under the Chairmanship of Dr. Kirit S. Parikh to advise on a viable and sustainable system of pricing of petroleum products, the Government made the price of Petrol, both at the Refinery Gate and at the retail level, market-determined with effect from 26.6. 2010. It was also decided that the price of Diesel would be made market determined both at the Refinery Gate and at the retail level but, for the present, the price has been increased by only 2 per litre w.e.f. 26.06. 2010.

(c)to(d): Subsequent to the decontrol of Petrol pricing, the oil companies are free to take appropriate decision on the pricing of Petrol on the basis of international oil prices, market conditions and commercial considerations. Market-determined pricing of Petrol 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.

(e): Government is taking suitable measures to improve the delivery system of petroleum products. In case of a high rise and volatility in the international oil prices, Government will suitably intervene in the pricing of Petrol and Diesel.