

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

UNSTARRED QUESTION NO:1476

ANSWERED ON:18.11.2010

DECONTROL OF PETROL/DIESEL

Majhi Shri Pradeep Kumar;Patel Shri Kishanbhai Vestabhai

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

- (a) whether the price of petrol both at refinery gate and at the retail level has been made market determined;
- (b) if so, the details in this regard;
- (c) whether the Government proposes to introduce such pricing system for diesel in the near future;
- (d) if so, the details thereof; and
- (e) the extent to which Public Sector Undertaking oil companies has been able to curtail their under recoveries after 26.6.2010?

Answer

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

(a)to(d): 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 26th June, 2010. As regards Diesel, Government has taken a decision 'in principle' that the price of Diesel would be made market-determined, both at Refinery Gate and Retail level. However, Government has initially only increased the retail selling price of Diesel by `2/- per litre with effect from 26th June 2010 (at Delhi) with corresponding increases in the rest of the country.

(e): At the beginning of the current financial year, the Public Sector Oil Marketing Companies (OMCs) were projected to incur under-recoveries on the four sensitive petroleum products of approximately `72,000 crore during 2010-11, assuming an average price of the Indian Basket of crude oil at \$75 per barrel.

After the price revisions made in Petrol, Diesel, PDS Kerosene and Domestic LPG w.e.f. 26th June, 2010 the projected under-recoveries of the OMCs came down to approximately `53,000 crore at an average annual crude oil price of \$ 75 per barrel during 2010-11. However, the OMCs' actual under-recovery will depend upon the actual movement of international oil prices during the current financial year.