

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1664
ANSWERED ON:23.03.2012
POLICY ON PRICE DECONTROL
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Will the Minister of FINANCE be pleased to state:

(a) the policy of the Government on price decontrol; and

(b) the aims and objectives of the policy alongwith the list of products in the pipeline whose prices the Government plans to decontrol?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Prices in general are set by producers based on their commercial perception.

In case of petroleum products, with effect from June 26, 2010, prices of petrol has become market-determined and the public sector Oil Marketing Companies (OMCs) take appropriate decision on its pricing.

Government has, in principle, agreed to make the prices of Diesel also market-determined. However, in order to insulate the common man from the impact of rise in international oil prices Retail Selling Price (RSP) of Diesel, PDS Kerosene and Domestic LPG continues to be modulated.

In case of drugs, under the provisions of the Drugs (Price & Control) Order, 1995 the prices of 74 bulk drugs and the formulations containing any of these scheduled drugs are controlled.

In case of fertilizers, as of now, Urea is under statutory price control. The Government has introduced nutrient-based subsidy scheme w.e.f 1st April, 2010. Under the nutrient-based subsidy scheme (NBS), Government announces subsidy annually per kg of nutrient N,P,K and S continued in P & K fertilizers as well as per MT of fertilizers. Maximum retail prices (MRPs) of the decontrolled P & K fertilizers had been kept open and companies are free to announce their MRPs. However, manufacturers/importers of fertilizers are required to print MRPs along with applicable NBS on each bag of fertilizer clearly.

In case of sugar, Central Government has been following a policy of partial control and dual pricing for it. Under this policy, a certain percentage of sugar produced by sugar factories is requisitioned by the Government as compulsory levy at a price fixed by the Central Government in every sugar season. Levy sugar is distributed under the Public Distribution System (PDS) at a uniform retail issue price throughout the country. The non-levy (free sale) sugar is allowed to be sold as per the quantity released by the Central Government under the regulated release mechanism.