

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

UNSTARRED QUESTION NO:5746
ANSWERED ON:10.05.2012
DECONTROL OF PRICES
Ajay Kumar SHRI

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

- (a) whether any proposal is under consideration of the Government to decontrol the prices of domestic cooking gas, diesel and kerosene;
- (b) if so, whether any study has been undertaken by the Government in this regard;
- (c) if so, the details thereof; and
- (d) the time by which the prices of the above items will be decontrolled?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R. P. N. SINGH)

(a) to (d): In the light of the recommendations made by the Expert Group set up to advise on a viable and sustainable system of pricing of petroleum products under the Chairmanship of Dr. Kirit S. Parikh, the Government took a decision 'in principle' on 25.06.2010 that the price of Diesel would be made market-determined, both at Refinery Gate and Retail Level. However, in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the retail selling prices of Diesel, PDS Kerosene and Domestic LPG. Therefore, the current price of Diesel, PDS Kerosene and Domestic LPG is below the required market price, resulting in huge under-recovery to the Public Sector Oil Marketing Companies (OMCs). Based on the Refinery Gate Price effective 01.05.2012 for Diesel, PDS Kerosene and Domestic LPG, the OMCs are incurring an under recovery of ` 13.91 per litre on sale of Diesel, ` 31.49 per litre on PDS Kerosene and ` 480.50 per 14.2 kg cylinder on Domestic LPG.