

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

UNSTARRED QUESTION NO:80
ANSWERED ON:24.11.2014
APM FOR PETROLEUM PRODUCTS
Karunakaran Shri P.

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

- (a) whether the Government has completed the dismantling of the Administered Pricing Mechanism (APM) for petroleum products and introduced the import parity pricing in line with the prices of finished products in the international market;
- (b) if so, the details thereof along with their impacts on Oil Marketing Companies as well as on private owners; and
- (c) the steps taken by the Government to restore the APM and a cost pricing method which will lower the deregulated price of petrol and diesel?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN)

(a) to (c): The Administered Pricing Mechanism (APM) was dismantled effective 1st April 2002 and the prices of all petroleum products were made market determined, except for PDS Kerosene and Domestic LPG on which subsidies were provided under the notified subsidy schemes. However, after 2004, in order to insulate the consumers from the impact of rise in international oil prices, the Government decided not to increase the retail selling price of Petrol, Diesel, PDS Kerosene and Domestic LPG in line with their prices in the international market, resulting in incidence of under-recovery to the Public Sector Oil Marketing Companies (OMCs) on sale of these petroleum products.

Subsequently, the Government has made the prices of Petrol with effect from 26th June 2010 and Diesel with effect from 19th October 2014 market determined, both at the Refinery Gate and the Retail level for all consumers.

At present, there is no proposal before the Government to restore APM.