

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

UNSTARRED QUESTION NO:6068
ANSWERED ON:05.05.2005
PETROL AND DIESEL PRICES
Singh Shri Uday

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

- (a) whether the Government proposes to give more autonomy to Public Sector oil companies to fix petrol and diesel prices;
- (b) if so, the details thereof;
- (c) whether the price fixing norms of petrol and diesel are not properly adhered to; and
- (d) if so, the mechanism adopted in fixing prices of petrol and diesel ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (d) : Although the dismantling of the Administered Pricing Mechanism (APM) in the petroleum sector was announced on 1.4.2002, oil marketing companies (OMCs) have been determining their retail selling prices of petrol and diesel in prior consultation with the Government of India. To bring greater transparency into the system a price band mechanism was outlined with effect from 1 August 2004 allowing OMCs freedom to revise the prices of petrol and diesel within the prescribed price band. However, the steep and volatile increase in the international prices of crude oil resulted in the ceiling of the price band being breached within weeks of its being made operational, resulting in the mechanism being placed in abeyance. Prices of petrol and diesel have remained unchanged since November 2004. The Government is continuously monitoring the price situation while attempting, to equitably balance the interests of various stakeholders, viz., consumers, Government and the oil companies.