

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

UNSTARRED QUESTION NO:1257
ANSWERED ON:03.08.2006
PRICING MODEL OF PETROLEUM PRODUCTS
Acharia Shri Basudeb

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

- (a) whether the Government has decided to scrutinise the details of pricing model adopted by the Oil Marketing Companies as reported in the Financial Express on July 5, 2006;
- (b) if so, the facts thereof;
- (c) whether the Rangarajan Committee has given its recommendation on pricing of Petro-products; and
- (d) if so, the reaction of the Government thereto ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a)to(d): Dr. Rangarajan Committee has submitted its report to the Government on 17.2.2006. Government has accepted the following recommendations of Dr. Rangarajan Committee Report :

- (i) Implementation of principle of trade parity with reduction in customs duty on petrol & diesel from 10% to 7.5%.
- (ii) Permitting autonomous adjustment in prices of sensitive petroleum products by Oil Marketing Companies (OMCs) without prior consultation with the Government once every month.
- (iii) Restricting `in principle`, subsidy on PDS Kerosene to BPL families only.

In the context of implementation of principle of trade parity with reduction in customs duty on petrol & diesel, it has been decided to form a group comprising representative of Ministry of Finance, Cost Accounts Branch along with Director, Petroleum Planning & Analysis Cell (PPAC) to examine price build-up of petrol and diesel.