

State-run OMCs Plan to Review Fuel Rates Daily

Move aims to align fuel prices with global rates; currently prices are revised fortnightly

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New Delhi: Prices at petrol pumps may change every day, similar to what happens in many advanced markets, as state oil companies plan to review rates daily to align them with international prices, replacing the current practice of fortnightly revision.

Indian Oil, Bharat Petroleum and Hindustan Petroleum, which control nearly 95% of the country's fuel retail market, are considering ways to roll out the plan to review petrol and diesel prices daily, top executives at state oil firms told ET.

Executives of state oil firms met Oil Minister Dharmendra Pradhan and the ministry officials on Wednesday to discuss the idea of daily fuel pricing. "The idea of daily fuel pricing has been there for sometime. But now we have the technology to implement it. So we will do it," a top executive said, without giving a timeline for the launch.

The automation at most filling stations, which allows companies to centrally change prices, as well as the availability of digital technologies and social networks have made it much easier for companies to convey price changes to their 53,000 filling station across the country.

Price transmission used to be a cumbersome exercise in the past with dealers waiting for phone calls and fax messages from companies for new prices and then rushing to lowering or raising their supply orders, causing inconvenience to suppliers.

"Daily price revision is about introducing international standards in the Indian fuel retail market. It helps both customers

Dynamic Fuel Pricing



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▶ **Prices would change** just by a few paise every day, bringing no shock to customers

▶ **This means** companies can easily take price hikes without worrying about political backlash

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just by a few paise every day, bringing no shock to customers. This means companies can easily take price hikes without worrying about political backlash.

A price hike is often held back during election season as it is seen as detrimental

as well as dealers in managing their purchase," said the executive.

Daily changes mean prices wouldn't rise or drop sharply, as they did last week.

On March 31, state oil companies cut prices of petrol by ₹3.77 per litre and diesel by ₹2.91 per litre. Prices would change

to the interest of the ruling party. To compensate oil companies for that, the government allows them to keep prices higher even when an alignment with international rates may warrant a decrease. State firms skipped price revision for two and a half months before announcing cuts last week although international rates went up and down sharply during the period.

India lifted price control on diesel in 2014 and on petrol in 2010, which allowed state companies to charge market prices, and encouraged private companies to re-enter the fuel retailing business.

At present, state companies review prices at the end of every fortnight and raise or reduce them depending on the prevailing international prices.