

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

UNSTARRED QUESTION NO:639
ANSWERED ON:24.07.2003
SUPPLY OF DIESEL TO CONSUMERS BY ESSAR OIL
PRABHA RAU;VILAS BABURAO MUTTEMWAR

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

- (a) whether the Essar Oil propose to supply diesel to the consumers at a much cheaper rate than the public sector oil marketing companies in the country;
- (b) if so, the reasons for selling diesel at lesser price to the consumers by Essar;
- (c) whether the demand of diesel marketed by the public sector oil companies will not be reduced considerably as a result thereof; and
- (d) if so, the steps taken by the Government to have a uniform rate for the supply of diesel to the consumers?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. SUMITRA MAHAJAN)

(a) to (d): With the dismantling of administered pricing mechanism effective 1.4.2002, the pricing of diesel has been decontrolled. Further, effective 1.4.2003, the companies like M/s Essar Oil, who have been granted rights for marketing of transportation fuels in terms of the Resolution No.P-23015/1/2001-MKT dated 8.3.2002 of the Ministry of Petroleum and Natural Gas, can directly import transportation fuels including diesel.

In a free market scenario, the public sector oil marketing companies would need to compete with the private players in the marketing of diesel.