

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

UNSTARRED QUESTION NO:1912

ANSWERED ON:11.12.2008

DUAL PRICING POLICY FOR DIESEL

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

- (a) whether the Government has assessed the consumption of diesel in the agricultural sector;
- (b) if so, the details thereof;
- (c) the losses suffered in different sectors like auto and domestic segments for supply and distribution of subsidized diesel and uniform price in the market;
- (d) whether implementation of dual pricing policy for diesel can recover some of the losses being incurred by the oil companies;
- (e) if so, the details thereof;
- (f) whether the Government proposes to withdraw the subsidy on diesel for the private sector; and
- (g) if so, the details thereof?

Answer

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

(a) & (b) : Diesel is sold to agriculture sector mainly through Retail Outlets (ROs). To assess sectoral demand of Diesel through ROs the erstwhile Oil Coordination Committee (OCC) had commissioned a study through Indian Market Research Bureau (IMRB) in 1998 which estimated that agriculture sector accounted for 23.5% of total retail sale of diesel in 1998-99.

Recently, in June/July 2008, a quick survey was conducted by Petroleum Planning & Analysis Cell (PPAC) of the Ministry of Petroleum & Natural Gas to assess sector-wise demand of Diesel sold through retail outlets in the country. As per this survey percentage of Diesel sold through retail outlets to agriculture sector was estimated to be 13.8%. Considering the size and short period of about a week taken for the study, the estimates generated by this study are indicative in nature.

There is no system at present of capturing details of sector-wise sales from ROs.

(c): The gross under recoveries of the PSU OMCs on the sale of diesel during 2007-08 and first half year of 2008-09 is as under : -

Rs. In Crores

2007-08 Apr-Sept, 2008

Diesel 35166 55265

Gross under-recoveries without considering oil Bonds and upstream assistance.

(d) to (g): The High Powered Committee on financial position of oil companies set up by the Government have recommended sale of diesel to industrial and commercial users at market prices to be negotiated on commercial considerations. The recommendations of the Committee is under examination of the Government.