

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

UNSTARRED QUESTION NO:597

ANSWERED ON:24.02.2011

DECONTROL OF DIESEL/KEROSENE PRICES

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

- (a) whether the Government proposes to decontrol the prices of diesel and kerosene to bring down Government subsidies;
- (b) if so, the details thereof; and
- (c) the action plan prepared by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH)

(a) to (c): In the light of the recommendations made by the Expert Group under the Chairmanship of Dr. Kirit S. Parikh to advise on a viable and sustainable system of pricing of petroleum products, Government has taken an 'in principle' decision that the price of Diesel will be made market-determined, both at Refinery Gate and Retail Level. However, Government had initially allowed an increase in the retail selling price of Diesel by only Rs. 2/- per litre with effect from 26th June, 2010 (at Delhi), with corresponding increases in the rest of the country.

In view of the importance of the household fuels, namely PDS Kerosene and Domestic LPG, the Government has decided that the subsidies on these petroleum products will continue. However, to reduce the under-recovery burden of the Public Sector Oil Marketing Companies as also to protect the common man, the retail price of PDS Kerosene was increased by Rs. 3 per litre and of Domestic LPG by Rs. 35 per cylinder with effect from 26th June, 2010 (at Delhi), with corresponding increases in the rest of the country.

At present, the public sector Oil Marketing Companies are incurring under-recovery of Rs. 9.55 per litre on Diesel, Rs. 20.57 per litre on PDS Kerosene and Rs. 356.07 per cylinder on Domestic LPG. The Government is keeping a close watch on the international oil price situation.