

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

UNSTARRED QUESTION NO:425

ANSWERED ON:09.08.2012

CONSUMPTION OF DIESEL

Dhruvanarayana Shri R. ;Thakur Shri Anurag Singh

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

- (a) whether the consumption of diesel and the subsidy being provided on the same by the Government are increasing day by day;
- (b) if so, whether the Government is considering to levy cess on diesel cars in order to bring down subsidy on diesel;
- (c) if so, the details thereof and its likely impact on the growth of auto industry; and
- (d) the steps being taken by the Government to reduce the subsidy on diesel without levying cess on diesel cars?

Answer

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

(a): Yes, Madam. The growth in consumption of Diesel has increased from 6.8% in 2010-11 to 7.8% in 2011-12 and 10.2% in first quarter of 2012-13. The under-recovery is also on increasing trend.

(b) & (c): The Kirit Parik Committee had, inter-alia, noted that higher Excise Duty on Petrol as compared to Diesel encourages use of Diesel cars. Accordingly, in order to discourage the dieselization of the economy, Ministry of Petroleum & Natural Gas had, inter alia, requested Ministry of Finance to consider imposition of Additional Excise Duty on Diesel cars.

(d): In view of alarming situation arising out of projected massive under-recoveries of the OMCs, Government has taken the following decisions w.e.f. 24th June 2011:

- (i) Elimination of 5% Customs Duty on Crude Oil and reduction in Customs Duty by 5% on petroleum products (including diesel).
- (ii) Reduction in Excise duty on Diesel by Rs.2.60 per litre.
- (iii) Minimal price increase of Rs.3.00 per litre on diesel.