

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

UNSTARRED QUESTION NO:175  
ANSWERED ON:22.02.2013  
VIJAYKELKAR COMMITTEE REPORT  
Pandurang Shri Munde Gopinathrao

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

- (a) whether in its report to the Government the Vijay Kelkar Committee has given any recommendation for regulating prices of petroleum products;
- (b) if so, the details of the recommendations made in the report; and
- (c) the steps taken/being taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT. PANABAAKA LAKSHMI)

(a) & (b) The Vijay Kelkar Committee has made the following recommendations:

- i. Even if Diesel prices are not fully deregulated at this stage, the price adjustment should be done in small successive steps and the Government should move to complete deregulation of Diesel as early as possible.
- ii. To eliminate half of the Diesel per unit subsidy during this year itself by March 31, 2013 and the remaining during next fiscal year.
- iii. To eliminate the LPG subsidy by 2014-15 by reducing it by 25 percent this year, with the remaining 75% reduction over the next 2 years.
- iv. To reduce the kerosene subsidy by one-third by 2014-15.
- v. Increase in price of Diesel by rs 4 per litre, of kerosene by rs 2 per litre and of LPG by rs 50 per cylinder immediately.
- vi. Smaller and more frequent price revisions should be taken as necessary subsequently and it should be left to the discretion to the OMCs.
- vii. The strategy that the Government should adopt is to keep adjusting the price on a regular basis in incremental steps towards eventual deregulation of Diesel and an affordable level of subsidy on LPG and Kerosene.
- viii. Regarding LPG, quick decision should be taken to cap the number of subsidized cylinders.

(c) In the light of the recommendations of the Kelkar Committee and the various representations received by this Ministry against capping of subsidized domestic LPG cylinder of 14.2 kg. to 6 per consumer per annum on 13th September 2012, the Government, on 17.01.2013, has decided to authorize Public Sector Oil Marketing Companies (OMCs) to:

- (a) increase the retail selling price of Diesel in the range of 40 paisa to 50 paisa per litre per month (excluding VAT as applicable in different State/Union Territories) until further orders;
- (b) sell Diesel to all consumers taking bulk supplies directly from the installations of the OMCs at the non-subsidized market determined price with immediate effect. OMCs will not be eligible to any subsidy on such direct sale of Diesel to bulk consumers; and
- (c) revise annual cap on the subsidized domestic LPG cylinders from 3 to 5 for the period from 14.9.2012 to 31.03.2013 and from 6 to 9 annually w.e.f 1.4.2013. This will be subject to the condition that no refunds will be admissible on any LPG domestic cylinders already supplied to LPG consumers at the non-subsidized price during the period from 14.9.2012 till date.

The above decisions came into effect from midnight of 17/18.01.2013.