

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

UNSTARRED QUESTION NO:55

ANSWERED ON:22.02.2013

DUAL PRICING POLICY OF DIESEL

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

- (a) the details of the dual pricing policy of diesel adopted by the Government along with the revenue earned by various Public Sector Oil Marketing Companies by selling diesel at market rate to bulk consumers in the country;
- (b) whether the dual pricing of diesel has resulted in distortion of its intended objective with bulk consumers in the country including Gujarat are crowding the retail outlets for subsidised diesel;
- (c) if so, the details thereof and the action taken by the Government thereon;
- (d) whether the withdrawal of subsidy for the supply of diesel to bulk consumers is likely to affect the public transportation system in the country;
- (e) if so, whether the Union Government proposes to provide assistance to State Transport Corporations including that of Kerala to overcome the financial burden arising as a result thereof; and
- (f) if so, the details thereof along with the other corrective measures being taken or proposed to be taken by the Government in this regard?

Answer

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

(a) to (c) In order to reduce under-recovery of the Public Sector Oil Marketing Companies (OMCs) on sale of Diesel, the Cabinet Committee on Political Affairs (CCPA) in its meeting held on 17.01.2013 decided to authorize OMCs to sell diesel to all consumers taking bulk supplies directly from the installations of OMCs at the non subsidised market determined price.

Accordingly, OMCs have implemented the decision to sell Diesel to bulk consumers at non-subsidised market determined price with effect from midnight of 17/18.01.2013. As per the Industry Performance Review of March, 2012 (as released by Indian Oil Corporation Limited), about 17.77% of the total Diesel was sold to the bulk consumers during 2011-12.

This Ministry has advised OMCs to take sufficient safeguard and all necessary measures to avoid diversion of subsidised Diesel from the Retail Outlets of OMCs.

(d) At the non-subsidised market determined price, adequate quantity of Diesel is available for meeting the requirement of bulk consumers including public transportation system.

(e) & (f) There is no such proposal, at present.