

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

UNSTARRED QUESTION NO:62
ANSWERED ON:22.02.2013
SUBSIDY ON PETROLEUM PRODUCTS
Dhurve Jyoti;Kumar Shri P.

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

- (a) whether the Government proposes to rationalize or completely wipe out subsidy on petroleum products instead of burdening few oil Public Sector Undertaking (PSUs) to bear excess burden at the cost of their financial health;
- (b) if so, the details thereof;
- (c) whether the Government has received any proposal regarding completely wiping out subsidy on petroleum products;
- (d) if so, the details thereof and the action taken by the Government thereon; and
- (e) the manner in which the Government proposes to balance the oil pricing mechanism by imposing lesser burden on the consumers in the event of hike in the international oil price?

Answer

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

(a) to (b) The Government had set up an Expert Group, under the Chairmanship of Dr. Kirit S. Parikh, to advice on a viable and sustainable system of pricing of petroleum products. In the light of the recommendations made by the group and decisions taken in the meeting of Empowered Group of Ministers (EGoM), the Government has made the price of Petrol market-determined with effect from 26.6.2010. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of Petrol in line with the international oil prices and market conditions.

Further, pursuant to the decision taken by the Cabinet Committee on Political Affairs (CCPA) in its meeting held on 17th January 2013, the Government has authorized the OMCs to (a) increase the retail selling price of Diesel in the range of 40 paise to 50 paise per litre per month (excluding VAT as applicable in different State/Union Territories) until further orders, and (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.

(c) & (d) There is no such proposal before the Government, at present.

(e) In order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions, the Government continues to modulate the Retail Selling Price (RSP) of Diesel (partially), PDS Kerosene and Subsidized Domestic LPG resulting in incidence of under-recoveries to the OMCs. Based on the Refinery Gate Price effective 16.02.2013 for Diesel and 01.02.2013 for PDS Kerosene and Subsidized Domestic LPG, the OMCs are currently incurring under-recovery of rs 10.27 per litre on Diesel, rs 31.60 per litre on PDS Kerosene and rs 481.00 per 14.2 kg cylinder on Subsidized Domestic LPG.