

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

STARRED QUESTION NO:168
ANSWERED ON:08.03.2013
DUAL PRICING POLICY OF DIESEL
Singh Shri Rakesh

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

- (a) whether the Oil Marketing Companies have recently been authorized to sell diesel to bulk consumers at non-subsidized market determined price;
- (b) if so, the details thereof and the rationale behind the decision;
- (c) whether any shortcomings or anomalies have come to the notice of the Government regarding the implementation of dual pricing policy of diesel and if so, the details thereof;
- (d) whether the Government has any proposal to review the policy and if so, the details thereof and if not, the reasons therefor; and
- (e) the corrective measures being taken or proposed to be taken by the Government?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (DR. M. VEERAPPA MOILY)

(a) to (e) A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.168 asked by Shri Rakesh Singh to be answered on 8th March, 2013 regarding "Dual Pricing Policy of Diesel."

(a) to (e) Yes, Madam. Out of the total projected under recovery of rs 1,63,969 crore (as per the Refinery Gate Price effective 1st March, 2013) of the Public Sector Oil Marketing Companies (OMCs) on sale of sensitive petroleum products during 2012-13, under recovery on sale of Diesel accounts for around 57%. In order to reduce under-recovery of the OMCs on sale of Diesel, the Government decided in January, 2013 to authorize the OMCs to sell Diesel to all consumers taking bulk supplies directly from the installations of the OMCs at the non-subsidized market determined price. OMCs have implemented the decision with effect from 18th January, 2013.

The primary objective behind the pricing reforms undertaken by the Government is the growing imperative for fiscal consolidation, the need for reducing the subsidy burden on petroleum products so as to allocate more funds to social sector schemes for the common man and for ensuring country's energy security in the long term.

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). Based on the Refinery Gate Price effective 1.03.2013, the OMCs are currently incurring under-recovery of rs 11.26 per litre on sale of Diesel to retail consumers.

This Ministry has advised OMCs to take sufficient safeguards and all necessary measures to avoid diversion of subsidized Diesel from their Retail Outlets.

After considering several representations highlighting the hardships being faced by fishermen, the Government has decided with effect from 7th February, 2013 to supply Diesel to Fisherman Consumer Pumps at the price applicable for retail outlets of OMCs.