

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

UNSTARRED QUESTION NO:3116  
ANSWERED ON:15.03.2013  
PRICING OF DIESEL AND PETROL  
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**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether the Government is aware of public outcry over steep hike of diesel and petrol prices in the country recently;
- (b) if so, the reasons therefor and the steps taken/being taken by the Government to control the rising prices of diesel and petrol;
- (c) whether the Government proposes to restructure the subsidy rate of diesel and petrol giving relief to public transport; and
- (d) if so, the details thereof?

**Answer**

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

(a) to (d) In the light of the recommendations made by the Expert Group headed by Dr. Kirit Parikh, the Government has made the price of Petrol market-determined with effect from 26.06.2010. Since then, the public sector Oil Marketing Companies (OMCs) take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions. The OMCs have not only increased but also decreased the Retail Selling Price (RSP) of Petrol in line with changes in the international prices.

The Government also took an 'in principle' decision on 25.6.2010 to make the price of diesel market-determined, both at Refinery Gate and Retail Level. However, 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 RSP of Diesel. However, in order to reduce under-recovery of the OMCs on sale of Diesel, the Government, on 17th January 2013, 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. Accordingly, Indian Oil Corporation Limited (IOCL) has increased the price of Diesel for retail consumers by 0.45 paise each per litre (excluding VAT) on 18th January, 2013 and 16th February, 2013 respectively. OMCs have also implemented the decision to sell Diesel to bulk consumers at non-subsidized market determined price. Even after the above decision, based on the Refinery Gate Price effective 1.03.2013, the OMCs are incurring under-recovery of Rs. 11.26 per litre on sale of Diesel to retail consumers.

The Government has received representations from various State Governments highlighting the difficulties being faced by the State Transport Undertakings (STUs) on purchase of Diesel at non-subsidized market determined price. It is within the domain of the State Governments to provide appropriate relief to the STUs including through rationalization of State taxes.