

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

UNSTARRED QUESTION NO:1663  
ANSWERED ON:16.08.2013  
DE REGULATION OF DIESEL PRICES  
Gandhi Shri Dilip Kumar Mansukhlal

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

- (a) whether the Government had taken a decision in January, 2013 to de-regulate the diesel prices;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has assessed the impact of this decision;
- (d) if so, the details thereof;
- (e) whether there is a genuine demand to roll back this decision; and
- (f) if so, the time by which a final decision in this regard is likely to be taken?

**Answer**

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

(a) to (f): Out of the total under-recovery of ` 1,38,541 crore & ` 1,61,029 crore of the Public Sector Oil Marketing Companies (OMCs) on sale of sensitive petroleum products during 2011-12 & 2012-13 respectively, under-recovery on the sale of Diesel was in the range of 57% and 59%. In order to reduce under-recovery of the OMCs on sale of Diesel, the Government decided in January, 2013 to authorize 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 effective 18th January, 2013. Accordingly, OMCs have increased the price of Diesel for retail consumers on a monthly basis since January 2013. OMCs have also implemented the decision to sell Diesel to bulk consumers at non-subsidized market determined price.

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 Retail Selling Price (RSP) of Diesel (to retail consumers), among others and the OMCs are currently incurring under-recovery of Rs 9.29 per litre on sale of Diesel (to retail consumers).

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.

The Government has received representations highlighting the difficulties being faced by some bulk consumers such as the State Transport Undertakings (STUs), fishermen etc. on purchase of Diesel at non- subsidized market determined price. After considering the 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.