

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

UNSTARRED QUESTION NO:2317  
ANSWERED ON:03.12.2009  
SUBSIDY ON DIESEL  
Devappa Anna Shri Shetti Raju Alias

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

- (a) whether the Government has made any estimate of the diesel being consumed in agriculture and non-agriculture activities;
- (b) if so, the details thereof; and
- (c) the details of the subsidy being provided on diesel consumption for agriculture and non-agriculture activities, separately ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI JITIN PRASADA)

(a)&(b): In the survey conducted by Petroleum Planning and Analysis Cell (PPAC) through Public Sector Oil Marketing Companies (OMCs) in 2008, the share of Diesel sold through retail outlets for agricultural purposes was estimated at 13.8%.

(c): At present, Ministry of Petroleum and Natural Gas is not administering any fiscal Subsidy Scheme on Diesel. The retail price of Diesel is, however, modulated by the Government, so as to benefit the common man and to protect the interests of the economy, including the agriculture sector, because of which the OMCs incur under-recovery on the sale of Diesel. The OMCs have incurred under-recovery of Rs.1,806 crore on the sale of Diesel during the period April- September, 2009, which have been compensated by the Public Sector Upstream Oil Companies. Based on the Refinery Gate Prices effective 1.12.2009, the OMCs are incurring an under-recovery of Rs.2.55 per litre on Diesel. The retail selling price of Diesel, both for agriculture and non- agriculture consumers, is the same.

In addition to above, in August, 2009, Ministry of Agriculture has decided to give financial assistance to the State Governments/UT Administrations which have introduced Diesel subsidy for farmers, to enable them to provide supplementary irrigation through Diesel pumpsets in the drought and deficit rainfall affected areas to protect the standing crops. This will help in mitigating the adverse impact of drought/deficit rainfall conditions on foodgrain production.