

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

UNSTARRED QUESTION NO:1425

ANSWERED ON:08.03.2007

SUBSIDY ON DIESEL

Renge Patil Shri Tukaram Ganpatrao;Yadav Shri Giridhari

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

- (a) whether the Government is contemplating to provide subsidy on diesel meant for the farmers ;
- (b) if so, the details thereof ; and
- (c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL)

(a)to(c): No, Sir. Diesel is already being sold across the country at a price which is lower as compared to international prices. This has resulted in under recoveries of PSU Oil Marketing Companies (OMCs). The Government has changed the pricing methodology of diesel from Import Parity Pricing to Trade Parity Pricing and has also reduced the customs duty on diesel from 10% to 7.5% in order to reduce the under-recoveries of the PSU OMCs. On the basis of decline in international prices, the price of diesel was reduced on 30.11.2006. It was again reduced on 16.2.2007. The reduction was Re. 1/- per litre for diesel on each occasion (Delhi Price). In view of this, the idea of subsidized supply of diesel to farmers is not economically viable at this stage.