

**Removal of kerosene and diesel subsidies**

727. SHRI SHYAM BENEGAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the cost to the exchequer annually due to kerosene and diesel subsidies, respectively;

(b) whether there are any plans to reduce or abolish the subsidies or selectively remove the subsidy from diesel; and

(c) whether there are any alternate plans that the Ministry is working on to replace the subsidy regime on kerosene and diesel in view of the extensive and aggressive control of the kerosene and diesel mafia in different parts of the country?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH): (a) The payment made by the Government under the notified 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002' and the 'Freight Subsidy (For Far-Flung Areas) Scheme, 2002' during the year 2009-10 is given as under:

		<i>(Rs. Crore)</i>
Payout by Government to OMCs		2009-10
A	Subsidy under PDS Kerosene and Domestic LPG Subsidy Scheme, 2002	
	i. PDS Kerosene	956
	ii. Domestic LPG	1814
	Total (i + ii)	2770
B	Freight Subsidy on PDS Kerosene and Domestic LPG	22

In addition, during the year 2009-10, the public sector Oil Marketing Companies (OMCs) have incurred under-recoveries of Rs. 46,051 crore on the sale of Petrol, Diesel, PDS Kerosene and Domestic LPG. These under-recoveries have been shared under the Burden Sharing Mechanism as per the details given below:

	(Rs. crore)
	2009-10
Total Under-recovery on sensitive petroleum products	46,051
Burden sharing through:	
- Cash Assistance by Government	26,000
- Upstream assistance	14,430
- Under-recovery absorbed by OMCs	5,621

(b) There is no fiscal subsidy on Diesel. In the light of the recommendations made by the Expert Group under the Chairmanship of Dr. Kirit S. Parikh to advise on a viable and sustainable system of pricing of petroleum products, Government has taken an 'in principle' decision that the price of Diesel will be made market-determined, both at Refinery Gate and Retail Level. However, Government had initially allowed an increase in the retail selling price of Diesel by only Rs. 2/- per litre with effect from 26th June, 2010 (at Delhi), with corresponding increases in the rest of the country. The OMCs are currently incurring under-recovery of Rs. 9.55 per litre on the sale of Diesel. The Government is keeping a close watch on the international oil price situation.

(c) This Ministry has signed a Memorandum of Understanding (MOU) with Unique Identification Authority of India (UIDAI) to partner in the Project related to distribution of PDS Kerosene and domestic Liquefied Petroleum Gas (LPG) for better targeting of subsidy to the intended beneficiaries.

Further, in view of incidents of pilferage and adulteration, and to further strengthen the monitoring and reinforce anti adulteration efforts, it has been decided that an effective Marker System will be introduced within a period of six months. State/UT Government have been requested to introduce Global Positioning System (GPS) based vehicular tracking system for vehicles used for transporting PDS SKO similar to the one used by OMCs for Petrol/Diesel tankers.

#### **Booking of LPG distributors under MDGs**

728. DR. JANARDHAN WAGHMARE: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state: