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Government of India

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FINANCE MINISTER URGES STATE GOVERNMENTS TO PROVIDE RELIEF TO THE COMMON MAN; WRITES TO CHIEF MINISTERS TO REDUCE LEVIES ON DIESEL, KEROSENE AND DOMESTIC LPG IN LINE WITH DUTY CUTS UNDERTAKEN BY CENTRAL GOVERNMENT

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Union Finance Minister Shri Pranab Mukherjee has urged State Governments to reduce levies on Diesel, Kerosene and Domestic LPG in line with the duty cuts undertaken by Government of India, so as to provide some relief to the common man. In a letter to the Chief Ministers of States, Shri Mukherjee has sought the co-operation of States in this regard.

The Finance Minister has stated in his letter that even though the crude oil prices in the international market have been ruling at a very high level over the last six months, the Government has so far maintained a firm control over the prices of Diesel, Kerosene and Domestic LPG at the retail level to protect the common man. Shri Mukherjee has written that this however, has led to losses of the State owned Oil Marketing Companies (OMCs) spiraling out of control with the OMCs losing more than Rs. 450 crore per day due to the significant difference between India's domestic prices and the international prices. This concern has necessitated some revision in the administered prices.

The Finance Minister, Shri Pranab Mukherjee has written that in raising the retail prices of diesel, LPG, and kerosene, the Government has been conscious of the burden on the common man, and therefore, the price hike has been minimal. Even though the Central Government has been under compulsion to maintain its fiscal and budgetary resource management targets and find additional resources to finance various welfare schemes, it has sacrificed its revenues from the oil sector on account of customs and excise duty in order to minimize the impact on the common man.

Shri Mukherjee has noted that the Central Government will have to allocate significant resources as subsidies to the OMCs, so as to ensure their financial survival.

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