

It is imperative that the government revises diesel price

BY HARSHA SUBRAMANIAM

Kriti Parikh, a former member of the Planning Commission and head of the committee that in 2010 suggested freeing up the price of petrol and diesel, said a one-time diesel price increase is the best option at a time when the rupee is depreciating and oil price is rising. Edited excerpts from an interview:

You have consistently maintained that there is a case for an increase in diesel prices. With the rupee being up the way it has and oil prices going up, does that make the case stronger?

I certainly believe so. In fact, I believe if we would have revised the diesel prices a year ago and liberalized the diesel prices, the rupees might not have gone down as much as it has. We have been wasting a

lot of opportunities for liberalizing diesel price. At one stage, the difference was only ₹3.5 and now it is ₹13. It is absolutely imperative that the government revises diesel price. I have always argued that it is better to raise the price by ₹4 or ₹5 and give a fixed per litre subsidy of ₹ 8 and then you can keep lowering the subsidy every month.

There have been reports that the government is looking at 50 paise monthly increase. There is also a report that perhaps you are looking at a one-time hike. What do you think is most feasible in the situation like this? Do you anticipate a one-time increase happening soon?

I certainly believe that the one-time hike is the best thing to do whether the government thinks it is the best thing to do from a political point of view, it

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er is surviving, toll gates and other things. If you do that you can substantially improve the quality of truck travel. Above all, the delay in the construction of the dedicated freight train roads is inexcusable. The decision was taken in 2005. It's 2013 and we have not seen any construction going on.

If that had happened, then we could certainly expect substantial reduction in diesel consumption. That is something for the long term. In the short run, you could certainly eliminate the delay that takes place on toll gates and other places. That's a national task and we should get the states and various city governments to cooperate on this and find a way on which you can really make the movement of trucks smooth across states and cities.

Pricing policy. It would be worthwhile to have one-time price hike and liberalize the diesel price, says Parikh.

There has also been reports about the government working on a plan to reduce consumption by shutting down pumps earlier and so on — how feasible is any of this?

I don't think this is feasible

because if you shut the pumps, people will stock in advance and so on and long lines would be there. They will be burning more fuel by standing in the

I understand that your panel on the subsidy sharing formula is being worked out. Have you made up your mind on how much upstream and downstream companies would be sharing the subsidies this time around?

No, we haven't made up our mind. But if they follow my advice and eliminate all the subsidies then the question doesn't arise.

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