



Government notifies control order to curb black marketing and hoarding of diesel by unscrupulous elements

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The Ministry of Petroleum and Natural Gas has notified the "Motor Spirit and High-Speed Diesel (Temporary Regulation of Supply through Retail Outlets) Order, 2026" to curb black marketing and hoarding of diesel by unscrupulous elements.

These regulations are temporary measures, initially valid for up to 90 days, ensuring diesel availability to all retail consumers.

The current situation is one of uneven extraordinary demand growth in some retail outlets due to shifting of bulk diesel volume to PSU Oil Marketing Retail Outlets. This is driven by industrial and direct or institutional and commercial consumers who have been shifting their procurement from their dedicated consumer pumps to retail outlets due to the difference between bulk and retail diesel prices. The other reason is that private Oil Marketing companies' sales exhibited a decline of around 58% in HSD sales during May 2026 due to higher prices fixed by them.

The data for the month of May 2026, as compared to the corresponding period last year, reveals a significant surge in diesel sales through PSU OMCs Retail outlets wherein 327 districts recorded more than 10% growth, with 80 districts seeing a growth exceeding 30%.

The new regulatory measures are specifically designed to protect retail consumers from inconvenience caused by intermittent supply issues at retail outlets. These measures will not affect citizens in any way given the fact that for the average person driving a car or riding a two-wheeler, the 200-litre cap is far beyond what any private vehicle would need.

The measures are aimed at large/bulk consumers who should not be procuring diesel from Retail Outlets to take undue advantage of the price arbitrage. Blatant instances of procurement of large quantities of diesel in jerry cans, and its resale have come to the notice of Government. This order will enable strict action against such buyers/operators, dealers and officers who are involved in this black marketing and hoarding of diesel.

Prohibiting diversion of fuel from retail outlets to bulk consumers essentially means more supply stays in the system for the retail customers.

To protect retail consumers during the ongoing West Asia disruption, PSU Oil Marketing Companies (OMCs) are currently absorbing losses of around ₹500 crore per day on the sale of petrol, diesel and domestic LPG. This graduated price support is intended to protect retail consumers and ensure affordability of fuel for households, farmers and other end-users. This support is not meant for industrial and bulk supplies, where pricing continues to track international market prices, resulting in retail diesel being around ₹40 per litre cheaper than bulk diesel.

The diversion of High-Speed Diesel (HSD) by bulk consumers has led to localized supply issues and potential disruptions for bona fide retail customers and essential services.

Pursuant to this order, now the Central Government have issued directions to Public Sector Oil Marketing Companies, namely Indian Oil Corporation Limited, Bharat Petroleum Corporation Limited and Hindustan Petroleum Corporation Limited to ensure the following:

- Retail outlets will dispense diesel only into vehicle tanks or PESO approved containers, with a maximum limit of 200 litres per day per customer/vehicle. Diesel purchased at retail outlets cannot be resold.
- Industrial and direct or Institutional and commercial customers are prohibited from procuring fuel from retail outlets and must source their requirements through consumer pumps.
- Oil Marketing Companies (OMCs) and Retail Outlet Dealers will be responsible for ensuring compliance with the prescribed restrictions and preventing any attempts to circumvent the provisions of the Order.
- State governments and Union Territory administrations have been directed to take necessary actions against any malpractices, such as black marketing or unauthorized diversion, to ensure the interests of the common man are protected

Violations of the Order will be subject to penalties and other legal action as provided under the Essential Commodities Act, 1955 and applicable laws.

The "Motor Spirit and High-Speed Diesel (Temporary Regulation of Supply through Retail Outlets) Order, 2026" is explicitly defined as a temporary measure designed to address specific, current market challenges.

This is not a rationing measure, and there is no shortage of petrol or diesel in the country. Notably, India remains the world's 4th largest refiner and 5th largest exporter of refined petroleum products. The government remains committed to ensuring uninterrupted fuel supplies protecting consumer interest and maintaining energy security through timely and proactive measures.

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