

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

UNSTARRED QUESTION NO:2929

ANSWERED ON:06.12.2007

DISTRIBUTION OF KEROSENE

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

- (a) whether a large quantum of kerosene assured by the Government to the registered consumer at subsidized rates under the Public Distribution System every month is not going into the right hands in the country;
- (b) if so, the details thereof;
- (c) the number of incidents come into the notice of the Government during the recent past;
- (d) the action taken by the Union Government thereon;
- (e) whether there is any proposal to allow public sector oil companies to take up a parallel survey to eliminate the ineligible persons; and
- (f) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) & (b): Allocation of Public Distribution System (PDS) kerosene (SKO) is made by the Government of India to different States/Union Territories (UTs) on a quarterly basis for distribution under PDS. Further distribution within the States/UTs through their PDS network is the responsibility of the concerned States/UTs. SKO distributed under PDS is a heavily subsidized product. Unscrupulous elements indulge in black marketing of PDS SKO for pecuniary gains. With a view to assessing the genuine demand/requirement of SKO in different States/UTs, the Government commissioned in December 2004, a study through the National Council for Applied Economic Research (NCAER). NCAER in its report, submitted in October 2005, has estimated the total leakage/diversion of SKO meant for distribution under PDS at 38.6% of total sale of PDS SKO in 2004. NCAER has also estimated diversion of PDS SKO to open market (black marketing) at 17.9% of total sale of PDS SKO in 2004.

(c) & (d): OMCs have reported that 11 cases of black marketing of kerosene oil have come to light since December 2006 to October 2007.

(e) & (f): There is no proposal for conducting parallel survey by the public sector oil companies to eliminate the ineligible persons from PDS network. NCAER in its reports has also inter alia recommended to restrict the subsidy on kerosene to BPL families only. Also, Dr. Rangarajan Committee constituted by the Government to formulate a long-term pricing policy of petroleum products has also recommended to restrict PDS SKO subsidy to BPL families only. The Government has accepted the recommendations of Dr. Rangarajan Committee Report and has decided 'in principle' that subsidy on PDS Kerosene may be restricted to BPL families only.