

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

STARRED QUESTION NO:57

ANSWERED ON:25.02.2010

SHORTAGE OF LPG

Adhalrao Patil Shri Shivaji;Panda Shri Prabodh

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

- (a) whether there is shortage of LPG in several States including Kerala, West Bengal and Assam ;
- (b) if so, the reasons therefor;
- (c) whether as a result of shortage of LPG, hoarding and black-marketing of LPG have been resorted to by the gas agencies/dealers;
- (d) if so, the details of such cases ; and
- (e) the steps taken by the Government to meet the demands of the consumers and prevent black-marketing/hoarding of LPG ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 57 BY SHRI ADHALRAO PATIL SHIVAJI AND SHRI PRABODH PANDA TO BE ANSWERED ON 25th FEBRUARY, 2010 REGARDING SHORTAGE OF LPG.

(a) & (b) : Public Sector Oil Marketing Companies (OMCs) namely, Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) have reported that at present, there is no overall shortage of LPG in the country including in the States of Kerala, West Bengal and Assam and LPG supplies to distributors are being made by the OMCs through indigenous production and imports in accordance with the genuine demand of customers registered with the LPG distributors.

OMCs have reported a backlog of few days in LPG supplies in certain States in the country including Assam, Kerala and West Bengal due to a combination of factors viz., severe winter and fog during the month of January 2010, agitation for a separate Telangana, contract labour issues in Kerala and excessive booking due to various festivals. Government has advised OMCs to liquidate the backlog in the States by operating the bottling plants on holidays and during extended hours. The backlog is expected to be cleared by the end of February, 2010.

OMCs have reported that they have supplied 9314.45 Thousand Metric Tonne (TMT) of domestic LPG in the country during the period April, 2009 - January, 2010 as against 8793 TMT of domestic LPG during the corresponding period of last year, showing a growth rate of 5.93%. Similarly, OMCs have reported that they have supplied 149.10 TMT, 395.76 TMT and 502.39 TMT of domestic LPG in the States of Assam, Kerala and West Bengal respectively during the period April, 2009 - January, 2010 as against 145.32 TMT, 372.54 TMT and 472.55 TMT domestic LPG during the corresponding period of last year, showing a growth rate of 2.61%, 6.23% and 6.32% respectively. As on 19.02.2010, the stock of LPG on all India basis including stock on wheels is about 345 TMT, which is equivalent to 9 days cover.

(c) to (e) ; While no case of hoarding of LPG cylinders by the distributors has been established, the possibility of blackmarketing/diversion of subsidized domestic LPG cylinders by some unscrupulous elements cannot be ruled out due to the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG.

In order to stop blackmarketing/ diversion of domestic LPG cylinders, the Government has enacted 'Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000' and formulated 'Marketing Discipline Guidelines, 2001' which provides for penal action against LPG distributors indulging in diversion/ blackmarketing of LPG.

Whenever OMCs receive complaints on diversion/blackmarketing of LPG against their LPG distributors, these are investigated. If the complaint is established, action is taken against the LPG distributor in accordance with the provisions of the Marketing Discipline Guidelines (MDG).

MDG provides for following action against the distributor:-

- # Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.
- # Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence.
- # Termination of the distributorship for 3rd offence.

In addition to the action taken by the OMCs, State Governments are empowered under the LPG (Regulation of Supply & Distribution) Order, 2000 to take action against blackmarketing/diversion of domestic LPG. Similarly, the Weights and Measures Departments of the States / UTs initiate legal action against those LPG distributors found blackmarketing or diverting LPG cylinders.