

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

STARRED QUESTION NO:261  
ANSWERED ON:12.08.2010  
IMPORT OF LPG  
Ram Shri Purnmasi

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

- (a) whether the cost price of the domestic Liquefied Petroleum Gas (LPG) is worked out on the basis of a mixture of butane and propane under the Domestic LPG Subsidy Scheme, 2002;
- (b) if so, the details thereof;
- (c) whether some oil companies had imported a large quantity of LPG containing more percentage of butane than propane during the five years ending March 2008 resulting in sizeable loss;
- (d) if so, the details thereof;
- (e) whether the matter has been inquired into; and
- (f) if so, the action taken thereon?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

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

Statement referred to in reply to parts (a)to(f) of Lok Sabha Starred Question No. 261 asked by Shri Purnmasi Ram to be answered on 12th August, 2010 regarding "Import of LPG".

(a)to(b): The methodology given in the "PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" for calculating the cost price of Domestic LPG on import parity basis, on the basis of computation of the FOB value is as given below:

"FOB value \$/MT – Saudi Contract price as quoted in Platts LP Gaswire for the previous month. LPG prices considered at a weight average of butane and propane prices with weightage of 60% and 40% respectively. The subsidy would be frozen as on 1.4.2002 based on average FOB during the pricing period from 1st to 31st March 2002. "

(c)&(d): The details of the LPG imports as furnished by the Public Sector Oil Marketing Companies (OMCs) on industry basis during the last five years ending March 2008 are given below:

(Figures in Thousand Metric  
Tonnes)

	2003-04	2004-05	2005-06	2006-07	2007-08	Total
Butane	1491	2217	2152	1676	2288	9824
Propane	0	0	301	306	295	902

(e)&(f): It has been brought to the notice of the Government that the Comptroller and Auditor General has in its Report No.PA 27 of 2009-10 pointed out the losses suffered in LPG imports during the period 2003-04 to 2007-08 due to higher import of Butane as compared to Propane.

The Indian Oil Corporation Limited (IOCL) has pointed out that LPG is not available as a mixture in the international market and the same is available in the form of either commercial Propane or commercial Butane. Commercial Butane and Commercial Propane are imported separately and the ratio of imported Butane and Propane depend upon their availability, as well as facilities to handle them at port locations in the country. During the above period, the Mangalore and Ratnagiri Ports did not have Propane handling facilities. At Vizag Port too, there was no Propane handling facility till December 2007. Since the supply line of Domestic LPG had to be maintained, it became imperative to import more Butane than Propane.

Further, LPG imports for the calendar year are normally tied up by the industry almost 3 to 4 months prior to the beginning of the calendar year, in order to ensure assured availability of the product round the year. At the time of signing the supply contracts, the products price of Butane or Propane in the international market for the contract period are not known. Product price fluctuations in the international market are beyond the control of OMCs.

The public sector Oil Marketing Companies namely IOCL, BPCL and HPCL have informed that their imports of Propane have increased during 2008-09 and 2009-10. Further, they are taking action to enhance their Propane handling capacities at the Ports so that the import of Propane can be increased over time.