

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

UNSTARRED QUESTION NO:2750

ANSWERED ON:25.11.2010

SUBSIDY ON PETRO-PRODUCTS

Das Shri Khagen;Khaire Shri Chandrakant Bhaurao;Reddy Shri Magunta Srinivasulu

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

- (a) whether the Government is working on a subsidy mechanism on petro-products in the country;
- (b) if so, the details thereof; and
- (c) the steps taken/being taken against malpractices of diverting domestic LPG and other petro-products for commercial purposes in the country?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI JITIN PRASADA)

(a)&(b): Government has been following an equitable Burden Sharing Mechanism to ensure sharing of under-recoveries incurred on the sale of the sensitive petroleum products, by the different stakeholders in the following manner:

- (i) Government, through issuance of Oil Bonds/cash assistance;
- (ii) Upstream oil companies namely, Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL) and GAIL (India) Limited (GAIL), by way of price discount on Crude oil and products;
- (iii) Public Sector Oil Marketing Companies (OMCs), by absorbing a part of the under-recoveries; and
- (iv) Price increases for the consumers from time to time.

Besides, the Government has also been giving fiscal subsidy under the 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002' to OMCs.

(c): Government has enacted "Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000" and formulated "Marketing Discipline Guidelines, 2001" which provide for penal action against erring LPG distributors for serious malpractices like diversion of Domestic LPG cylinder for non-domestic use, recovery of unauthorized charges from customers, supply of underweight cylinders, etc.

Besides, State Governments are also empowered to take action under the LPG (Regulation of Supply & Distribution) Order, 2000. Similarly, the Weights and Measures Departments of the States /UTs initiate legal action against those LPG distributors found supplying under-weight LPG cylinders.

An MOU has been signed by the Ministry of Petroleum and Natural Gas with the Unique Identification Authority of India (UIDAI) and a pilot project is under way in Andhra Pradesh on a biometric based solution for ensuring targeted supply of the subsidized petroleum products namely Domestic LPG and PDS Kerosene.