

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

UNSTARRED QUESTION NO:5857
ANSWERED ON:08.09.2011
BLACKMARKETING OF LPG AND KEROSENE
Azad Shri Kirti (Jha)

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

- (a) whether the Government proposes to launch a fool-proof distribution system to check the blackmarketing of LPG and kerosene oil;
- (b) if so, the details thereof;
- (c) the quantum of subsidy being provided per LPG cylinder and per litre of kerosene oil respectively at present;
- (d) the quantum of subsidy per year being provided on retail distribution of LPG and kerosene oil ; and
- (e) the steps taken by the Government to check misappropriation of the subsidies ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R. P. N. SINGH)

(a) & (b): The possibility of blackmarketing/ diversion of subsidized domestic LPG cylinders and PDS kerosene 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 and also PDS kerosene and petrol/diesel/kerosene as for non-PDS usage.

In order to avoid the leakages in the system, Government is working out modalities for cash transfer of subsidies using the AADHAR platform operated by the Unique Identification Authority of India.

In addition, State Governments have been requested to install Global Positioning System (GPS) based Vehicle Tracking System (VTS) on tankers transporting Public Distribution System (PDS) kerosene. Public Sector Oil Marketing Companies (OMCs) have also devising a public portal where information on PDS SKO such as dispatch time, quantity, and vehicle details would be available to general public.

(c) & (d): The Government is providing subsidy of Rs. 0.82 per litre on PDS kerosene and Rs. 22.58 per cylinder on domestic LPG from the fiscal budget under the "PDS Kerosene and Domestic LPG Subsidy Scheme, 2002" to the OMCs. The Government has paid subsidy of Rs. 2,904 crore under the said Scheme to the OMCs during the year 2010-11.

In addition to the above fiscal subsidy, the OMCs have incurred under- recoveries of Rs. 78,910 crore on the sale of Petrol (upto 25.06.2010), Diesel, PDS Kerosene and domestic LPG during the year 2010-11. Under the burden sharing mechanism being followed, these under-recoveries are shared by the Government and the Public Sector Oil Companies during the year 2010-11 in the following manner :-

(Rs. crore)

Total under-recovery on sensitive 78,190
Petroleum products #
Burden Sharing through:
Cash assistant from Government 41,000
Discount by Upstream Oil Companies 30,297
Under-recoveries absorbed by OMCs 6,893

Under-recovery on Petrol is upto 25.06.2010 only.

(e): 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 (MDG), 2001" which provides for penal action against LPG distributors indulging in blackmarketing/diversion of LPG.

MDG provide, inter-alia 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 promulgated under the Essential Commodities Act, 1955 to take action against blackmarketing/diversion of domestic LPG.

As regards checking black marketing of PDS kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, that dealers have to sell PDS kerosene at a price fixed by the Government or OMCs and have to prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place. Under this Control Order, State Governments are empowered to take action against those indulging in black- marketing and other irregularities.

Further, the Government has taken a number of initiative viz. Automation of Retail Outlets, Third Party Certification of Retail outlets, Monitoring of movement of tank trucks through Global Positioning System (GPS), etc. to check various irregularities/ malpractices like adulteration, diversion etc. of petroleum products.

OMCs also undertake regular and surprise inspections of Retail Outlets and also take action under MDG and Dealership Agreements against those indulging in adulteration and malpractices. MDG provide for termination of dealership in the first instance itself for serious malpractices like adulteration, tampering of seals, and unauthorized fittings/gears in dispensing units.