

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

UNSTARRED QUESTION NO:521

ANSWERED ON:24.11.2011

SUBSIDY ON COOKING GAS

Das Shri Khagen;Kataria Shri Lal Chand;Rajendran Shri C.;Reddy Shri Magunta Srinivasulu;Sugavanam Shri E.G.

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

- (a)the amount of subsidy being given on LPG cylinder for domestic use as on date;
- (b)whether the Government proposes to stop subsidy being provided on cooking gas to consumers with all income of more than Rs. 6 lakhs;
- (c)if so, the details thereof;
- (d)whether the Government proposes to restrict the number of domestic subsidized cylinders to the consumers;
- (e)if so, the details thereof, alongwith the view of each State Government in this regard; and
- (f)the steps taken by the Government to insulate common man from recent like in the prices of petroleum products?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI S. JAIPAL REDDY)

(a)The Government is providing a fiscal subsidy of Rs.22.58 per Domestic LPG cylinder under the 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002'. In addition to this, the Public Sector Oil Marketing Companies (OMCs) are incurring under-recovery on the sale of Domestic LPG cylinder which is being compensated by the Government under the burden sharing mechanism. Based on the prices effective 1st November 2011 (at Delhi), the total subsidy given on Domestic LPG for each cylinder of 14.2 KG is given below:

(Rs./ 14.2 kg cylinder)

Subsidy given by Government under 22.58  
'PDS Kerosene and Domestic LPG Subsidy  
Scheme, 2002'

Under-recovery to OMCs 260.50

Total subsidy per Cylinder 283.08

(b)to(e):A Task Force under the Chairmanship of Shri Nandan Nilakeni has been constituted by the Government to suggest an implementable solution for direct transfer of subsidies including on Domestic LPG. As per its Interim Report, a cap on consumption of subsidized Domestic LPG cylinders has been proposed in Phase-I contingent to a policy decision by the Government. The Government has not taken a decision on restricting the number of cylinders to be supplied at subsidized rate to registered customers of Domestic LPG.

(f)The Government continues to modulate the Retail Selling Prices (RSPs) of Diesel, PDS Kerosene and Domestic LPG in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions. The current RSPs of these products are below the required market price, resulting in under-recovery. Based on the refinery gate prices effective 16.11.2011 for Diesel and 01.11.2011 for PDS Kerosene and Domestic LPG, the OMCs are currently incurring under-recovery of Rs.10.17 per litre on Diesel, Rs.25.66 per litre on PDS Kerosene and ` 260.50 per cylinder on Domestic LPG. The Government has not passed on these under-recoveries to the consumers.

To insulate the consumers from the high and volatile international oil prices, the Central Government has eliminated 5% Customs Duty on crude oil with corresponding reduction in Customs Duty on Petrol and Diesel. Excise Duty on Diesel has been reduced by Rs.2.60 per litre effective 25.06.2011.

Recently, effective 16.11.2011, OMCs have reduced the price of Petrol by Rs.1.85 (excluding State VAT) in accordance with the prices in the international market.