

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

UNSTARRED QUESTION NO:688  
ANSWERED ON:15.03.2012  
MISUSE OF SUBSIDY  
Amlabe Shri Narayan Singh

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

- (a) whether the root cause of blackmarketing is misuse of subsidy provided on Kerosene and LPG cylinders;
- (b) if so, the details thereof; and
- (c) the corrective measures being taken by the Government in this regard?

**Answer**

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

(a): Government of India provides subsidy for cooking fuels i.e. Public Distribution System (PDS) Kerosene and Domestic Liquefied Petroleum Gas (LPG). The possibility of black marketing of PDS Kerosene and domestic LPG by some unscrupulous elements to derive monetary benefit cannot be ruled out due to large price difference between PDS Kerosene and petrol/ diesel as well as wide gap between the retail price of LPG for domestic use and the market price for commercial LPG.

(b) & (c): In order to check blackmarketing/ diversion of domestic LPG cylinders, the Government has brought out the "Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000" and formulated Marketing Discipline Guidelines, 2001 (MDG) which provide for penal action against LPG distributors indulging in blackmarketing/diversion of LPG.

Public Sector Oil Marketing Companies (OMCs) also carry out regular surprise inspections at distributors' premises, conduct refill audits, surprise checks at customers' premises, en-route checking of delivery vehicles etc., and action, wherever necessary, is taken in accordance with the provisions of the MDG.

In order to check the 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, whereby 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, in order to check adulteration of transport fuels owing to diversion of PDS Kerosene, Government has taken several initiatives like monitoring of tank trucks through Global Positioning System (GPS), automation and third party certification of the retail outlets, in addition to regular surprise inspections.