

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

STARRED QUESTION NO:320  
ANSWERED ON:26.04.2012  
SUBSIDY ON PETROLEUM PRODUCTS  
Shantha J.;Sule Supriya

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

- (a) the quantum of subsidy being provided by the Government on each LPG cylinder and per litre of petrol, diesel and kerosene at present;
- (b) the total subsidy being provided by the Government during each of the last three years on retail distribution of LPG, diesel, petrol and kerosene;
- (c) the measures being taken by the Government to check misappropriation of these subsidies; and
- (d) the steps being taken by the Government to control the hike in fuel prices?

**Answer**

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

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

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No. 320 asked by Shrimati Supriya Sule and Shrimati J. Shantha to be answered on 26th April, 2012 regarding "Subsidy on Petroleum Products."

(a) & (b): The details of subsidy given/ under-recovery on sale of Diesel, PDS Kerosene and on each 14.2 kg. Domestic LPG cylinder and the compensation provided to the OMCs towards under-recoveries on the sale of Petrol (upto 25.06.2010), Diesel, PDS Kerosene and Domestic LPG since 2009-10 are given in Annexure.

(c): 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, 2001" (MDG) which provides for penal action against LPG distributors indulging in diversion/ blackmarketing of LPG. MDG, inter-alia, provide for following action against the distributor: # Fine of ` 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

# Fine of ` 50, 000 plus the price of LPG diverted at commercial rates for 2nd offence.

# Termination of the distributorship for 3rd offence.

OMCs 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, where-ever necessary, is taken in accordance with the provisions of the MDG. OMCs have also introduced different colours for Domestic and non-Domestic LPG cylinders for controlling the diversion of Domestic LPG for unauthorized use.

Government has issued advertisements cautioning the public that use of Domestic LPG for non-domestic purposes is illegal and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity / malpractice to the OMCs. In addition, State Governments are empowered under the LPG (Regulation of Supply & Distribution) Order, 2000; Motor Spirit (MS) and High Speed Diesel (HSD) (Regulation of Supply, Distributions and Prevention of Malpractices) Order, 2005; and Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993 promulgated under the Essential Commodities Act, 1955 to take action against blackmarketing/ diversion of Domestic LPG; MS, HSD and PDS Kerosene respectively.

(d): In order to reduce the burden of the rise in international oil prices on the consumers, Government took the following decisions on 24th June, 2011:-

(i) Elimination of 5% Customs Duty on Crude Oil and reduction in Customs Duty on petroleum products by 5%;

(ii) Reduction of Excise Duty on Diesel by ` 2.60 per litre. The remaining Excise Duty of ` 2.06 per litre on Diesel could not be reduced as it is earmarked towards Road and Education cess; and

(iii) Minimal price increase of ` 3/- per litre on Diesel, ` 2/- per litre on PDS Kerosene and ` 50/- per 14.2 kg Domestic LPG cylinder excluding State levies.

Prices of Diesel, PDS Kerosene and Domestic LPG have not been increased after 24.06.2011 in spite of sharp increase in the international prices of petroleum products.