

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

UNSTARRED QUESTION NO:2025

ANSWERED ON:23.08.2012

DECONTROL OF PRICES OF PETROLEUM PRODUCTS

Bairwa Shri Khiladi Lal;Bhagora Shri Tarachand;Mani Shri Jose K.;Naik Dr. Sanjeev Ganesh;Patil Shri Sanjay Dina ;Rao Shri Nama Nageswara;Sule Supriya ;Vishwanath Shri Adagur H

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

- (a) whether the Government is contemplating to remove subsidy or decontrol the prices of diesel, kerosene and LPG cylinders;
- (b) if so, the details thereof along with the reasons therefor;
- (c) the quantum of subsidy being provided on diesel, kerosene and per LPG cylinder at present and the quantum of subsidy given by the Government on these products during the last three years;
- (d) whether the Government is also contemplating to provide cash subsidy to the States to provide relief to poor people; and
- (e) if so, the details thereof along with the steps taken by the Government to overcome the impact of prices likely to be increased as a result of decontrolling the aforesaid petroleum products?

Answer

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

(a): No, Madam, at present there is no such proposal.

(b): Does not arise.

(c): The details of subsidy being provided currently on sensitive petroleum products are given below:

(` per litre/ per cylinder)

Product	Subsidy by Government	Under-Recovery	Total subsidy to
"PDS Kerosene and Domestic	incurred by the OMCs#	the consumers	
LPG Subsidy Scheme, 2002"			

Diesel N.A. 13.76 13.76

PDS Kerosene 0.82 28.54 29.36

Domestic LPG 22.58 231.00 253.58

based on refinery gate price effective 1.8.2012 for PDS Kerosene and Domestic LPG & 16.8.2012 for Diesel, at Delhi.

The details of subsidy provided/ under-recovery (UR) incurred during the last 3 years are given below:

(` in crore)

Year	Diesel	PDS Kerosene	Domestic LPG
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U/R of Budge	U/R of Total subsidy	Budget	U/R of Total subsidy
OMCs1	Subsidy2	OMCs1	to consumers
Subsidy2	OMCs1	Subsidy2	OMCs1
to consumers	Subsidy2	OMCs1	to consumers

2009-10 9279 956 17364 18320 1814 14257 16071

2010-11 34706 931 19484 20415 1974 21772 23746

2011-12 81192 863 27352 28215 2137 29997 32134

1- Gross under-recovery incurred by the OMCs

2- Subsidy under 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002'.

(d) & (e): Consequent to Finance Minister's announcement in his Budget Speech, a Task Force has been constituted by the Government in February, 2011 under the Chairperson, Unique Identification Authority of India (UIDAI) to recommend an implementable solution for direct transfer of subsidies on PDS Kerosene, domestic LPG and fertilizers. The Task Force has submitted its Interim Report to the Government on 05.07.2011, wherein it has suggested a phase-wise approach for implementing the direct transfer of cash subsidy, as under :

I. Kerosene :

Phase I- Direct transfer of subsidy to State Governments/UT administration.

Phase II- Subsidy Transfer to Beneficiaries.

II. Domestic LPG :

Phase I - Cap on consumption of subsidized cylinders for all consumers.

Phase II -Direct transfer of subsidy to consumers.

Phase III - Identify and target segmented consumers.

The Empowered Group of Ministers (EGoM) on under-recoveries of the Oil Marketing Companies has accorded "in principle" approval to the recommendations of the Interim Report of the Task Force relating to phase-wise implementation of direct transfer of cash subsidy for LPG and Kerosene. Accordingly, the Government has taken the initiative to launch pilot studies to introduce the changes as proposed in the Interim Report for direct transfer of cash subsidy for domestic LPG, at Mysore (Karnataka), and for PDS Kerosene, at Alwar, (Rajasthan).