

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

STARRED QUESTION NO:172
ANSWERED ON:08.03.2013
SUBSIDY ON PETROLEUM PRODUCTS
Banerjee Shri Ambica

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

- (a) the amount of subsidy on kerosene, LPG cylinders and other petroleum products being provided by the Government at present, item-wise;
- (b) whether the cost of production of the said items is also taken into account while determining the amount of subsidy;
- (c) if so, the details of various factors/heads for calculating cost of each item of petroleum products;
- (d) whether the Government proposes to increase the amount of subsidy given on domestic LPG cylinders; and
- (e) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (DR. M. VEERAPPA MOILY)

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

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No.172 asked by Shri Ambica Banerjee to be answered on 8th March, 2013 regarding "Subsidy on Petroleum Products."

(a) The Government is providing Fiscal Subsidy of rs 0.82/ litre on PDS Kerosene and rs 22.58/ 14.2 kg. cylinder on Subsidized Domestic LPG to the consumer under the 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002'.

Besides, in order to insulate the common man from the impact of rise in oil prices in the international market and in view of the domestic inflationary conditions, Government continues to modulate the Retail Selling Price (RSP) of Diesel (partially), PDS Kerosene and Subsidized Domestic LPG, resulting in incidence of under-recoveries to the Public Sector Oil Marketing Companies (OMCs). Based on the Refinery Gate Price (RGP) effective 1.3.2013, OMCs are incurring under-recovery of rs 11.26 per litre on sale of Diesel to retail consumers, rs 33.43 per litre on PDS Kerosene and rs 439.00 per 14.2 kg cylinder on Subsidized Domestic LPG. The details of the total subsidy being provided currently to the consumers on these petroleum products are given below:

(rs/Litre/Cylinder)

Product	Fiscal Subsidy under	Under Recovery	Total Subsidy
	"PDS Kerosene and	of OMCs	
	Domestic LPG Subsidy	to Consumers	
	Scheme, 2002."		

Diesel (to retail NA consumers)	11.26	11.26	
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PDS Kerosene	0.82	33.43	34.25
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Subsidized Domestic 22.58 439.00 461.58
LPG

As per RGP effective 1.3.2013.

(b) & (c) Refining of crude oil is a process industry, where crude oil constitutes around 90% of the total cost. Crude oil is processed through several processing units. Each of these units produces intermediate product streams, which require extensive reprocessing and blending. This results in difficulty in apportioning the total cost to individual refined products with reasonable accuracy. Therefore, individual product-wise costs are not identified separately.

(d) & (e) There is no such proposal before the Government.