

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

UNSTARRED QUESTION NO:5080
ANSWERED ON:26.04.2013
SUBSIDY ON KEROSENE AND LPG
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the quantum of subsidy given for Kerosene and Liquefied Petroleum Gas (LPG) during the last three years by Public Sector Oil Marketing Companies;
- (b) the quantum of subsidy given on the same account as budgetary support from the Finance Ministry;
- (c) whether the Government has made any assessment of the diversion of PDS Kerosene in various States/UTs; and
- (d) if so, the details thereof and the steps taken by the Government to check it?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SMT. PANABAACA LAKSHMI)

(a)&(b): The Government is providing fiscal subsidy on PDS Kerosene and Subsidized Domestic LPG under the 'PDS Kerosene and Domestic LPG Subsidy Scheme, 2002'. In addition to these subsidies, the Public Sector Oil Marketing Companies (OMCs) are incurring under-recovery on sale of PDS Kerosene and Subsidized Domestic LPG as the Government continues to modulate the retail selling price of these products 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. The details of subsidy provided by Government under the subsidy scheme and the under-recovery incurred by the OMCs during last 3 years and current year are as under:

(Rs. crore)

Year	PDS Kerosene		Subsidized Domestic LPG			
	Subsidy#	Under- Total Subsidy	Subsidy#	Under- Total Subsidy		
	recovery to consumer	recovery to consumer	recovery to consumer	recovery to consumer		
2009-10	956	17364 18320	1814	14257	16071	
2010-11	931	19484 20415	1974	21772	23746	
2011-12	863	27352 28215	2137	29997	32134	
Apr-Dec 2012	576	21891 22467	1604	29148	30752	

PDS Kerosene and Domestic LPG Subsidy Scheme, 2002', Provisional for 2012-13. Gross under- recovery incurred by the OMCs.

(c) & (d): PDS Kerosene supplies to Kerosene dealers are done on Ex-MI (Marketing Installation) basis by Public Sector Oil Marketing Companies (OMCs). Further distribution of PDS kerosene within the State to the ration card holders through ration shops/retailers is controlled and monitored by the State Government. The State Civil Supplies Authorities carry out inspection at Kerosene dealers to ensure that the product is delivered through the fair price shops to the intended beneficiaries. In order to check the black marketing/ diversion 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 which stipulates that 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, the Government has taken a number of initiative viz. Automation of Retail Outlets, Third Party Certification of Retail outlets, Monitoring of movement of tank trucks through Global Positioning System (GPS), etc. to check various irregularities/ malpractices like adulteration, diversion etc. of petroleum products.

OMCs also undertake regular and surprise inspections of Retail Outlets and also take action under Marketing Discipline Guidelines (MDG) and Dealership Agreements against those indulging in adulteration and malpractices. MDG provide for termination of dealership in the first instance itself for serious malpractices like adulteration, tampering of seals and unauthorized fittings/gears in dispensing units.

OMCs hosted a web portal which enables public access to the movement of PDS Kerosene tank trucks. It provides details of the tank truck movement carrying PDS Kerosene from their Dispatch Units/Depots/ Installations to the various dealers along with their names, invoice number, quantity of product, time of dispatch, tank truck number, etc. on the websites on real time basis.

Inspite of all the efforts to check diversion, the possibility of adulteration/ diversion of petroleum product like PDS Kerosene by some unscrupulous elements to derive monetary benefit cannot be ruled out due to price difference between PDS Kerosene and Petrol / Diesel.