

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

UNSTARRED QUESTION NO:596

ANSWERED ON:04.12.2003

EXCLUSION OF PRIVATE COMPANIES FOR SUPPLY OF LPG AND KEROSENE

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

(a) whether the Government are considering exclusion of privately owned oil companies from subsidising supplies of LPG and Kerosene meant for weaker sections of the society;

(b) if so, the reasons therefor;

(c) whether the Government would come forward to make it mandatory for the oil industry, including private sector, to share its burden of supporting the weaker sections; and

(d) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIMATI SUMITRA MAHAJAN)

(a) to (d): As per the Government decision on dismantling of Administered Pricing Mechanism (APM) in the petroleum sector, the Government subsidy on PDS Kerosene and Domestic LPG is on flat rate basis and after accounting for the same, the Oil Marketing Companies (OMCs) could vary the retail selling prices in line with the variations in the international prices of these products.

PDS Kerosene and Domestic LPG are domestic fuels of mass consumption. Passing of higher international prices of these products in the domestic selling prices would have hurt the consumers. The matter was therefore re-examined and it was decided in consumer interest that the OMCs will not increase the selling prices of these products during 2003-2004 and the resultant under-recoveries of the OMCs, would be absorbed/shared amongst the oil companies.

As it is the Government decision to freeze the prices of PDS Kerosene and domestic LPG upto 31.3.2004, as such in a deregulated scenario, the burden on this account has to be shared/absorbed amongst the Government companies and the private companies are not being asked to share such burden.