

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

UNSTARRED QUESTION NO:584  
ANSWERED ON:04.12.2003  
SUBSIDY ON LNG  
GANTA SRINIVASA RAO

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

- (a) the break-up of LPG subsidy provided in the last financial year and in the first half of this financial year, State-wise;
- (b) whether some States have been getting most of this subsidy indirectly;
- (c) if so, whether any efforts have been made to reduce the production and distribution costs of LPG; and
- (d) if so, the details of such plans to reduce the production costs of LPG in the country?

**Answer**

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

(a) & (b): As per the subsidy scheme, the subsidy on domestic LPG is given to the oilmarketing companies. The subsidy entitlement of the oil marketing companies during 2002-2003 and 2003-2004 (April - September) is as follows:

(Rs. in crore)

2002-2003	3690.88
and 2003-2004 (April - September)	1284.50

(c) & (d): In a deregulated scenario, after the dismantling of the Administered Pricing Mechanism in the petroleum sector, the domestic producers of LPG would be forced to cut down their costs to remain competitive. The PSU oil companies continuously monitor the overall costs of production of petroleum products including LPG and undertake several control measures which inter alia include zero based budgeting, inventory control, optimum utilization of utilities, technical audit for control of chemicals/catalysts consumption, minimizing the manpower cost, energy conservation measures etc.