

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

UNSTARRED QUESTION NO:1331

ANSWERED ON:01.12.2005

SUBSIDY ON LPG

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

- (a) the subsidy being provided by Government on domestic LPG at present;
- (b) the estimated losses incurred by the Government during each of the last three years as a result thereof; and
- (c) the steps taken by the public sector refineries to control the production cost of the petroleum process ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): As per the PDS Kerosene and Domestic LPG Subsidy Scheme, 2002, at present, the Government provides a flat subsidy @ Rs.22.58 per cylinder on domestic LPG. The balance of the subsidy is borne by OMCs.

(b): The expenditure incurred by the Government during each of the last three years as a result of the above subsidy is given below :

Year Amount (Rs. crore)

2002-03	2397.45
2003-04	3635.02
2004-05	1783.64

(c): The various steps taken by the public sector oil refineries to control the production cost are :-

- (i) Optimization of Crude Cost through procurement of high sulphur crude and use of sulphur reducing additive thereby securing savings in differential crude cost.
- (ii) Reduction of crude transportation cost through hiring of Very Large Crude Carriers (VLCCs).
- (iii) Diversification of crude basket by processing new crudes.
- (iv) Energy conservation/reduction in Fuel & loss/Yield maximization.
- (v) Reduction of manpower cost through Voluntary retirement.
- (vi) Close monitoring of working capital including Inventory Management.