

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

UNSTARRED QUESTION NO:2452

ANSWERED ON:08.12.2005

BOOKING OF NEW LPG CONNECTIONS

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

(a) whether the oil companies have been asked unofficially to suspend booking of new Liquefied Petroleum Gas (LPG) connections countrywide despite the claims of the Government that the LPG is available abundantly ;

(b) if not, the facts thereof ;

(c) the number of persons awaiting for new LPG connections, State-wise ; and

(d) the action taken or being taken by the Government to make available LPG and to liquidate the list of aspirants of new LPG connections ?

Answer

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

(a) to (d) : Government have not imposed any restrictions on Public Sector Oil Marketing Companies (OMCs) for providing new LPG connections.

LPG requirements are met by a combination of domestic production and imports. A temporary shortage of LPG emerged in September 2005 on account of various factors. PSU production in the period April - September, 2005 was 303 (Thousand Metric Tonne) TMT less than planned; Reliance Industries Ltd. (RIL) production was 190 TMT less than planned. In consequence, physical inventories with oil marketing companies (OMCs) declined from 333 TMT at the beginning of April, 2005 to 190 TMT at the beginning of October, 2005. Then, with effect from 4th October, 2005, RIL, the single largest domestic supplier of LPG, shut down their Fluidized Catalytic Cracker (FCC) unit at Jamnagar for maintenance work. Moreover, at just about the same time, as RIL confirmed its shutdown effective October, 2005, domestic production prospects were seriously impacted by the fire in Mumbai High North and global LPG supplies became tight, largely on account of the impact of Hurricane Katrina on US refineries. All these factors put together upset the plans made by OMCs to effect imports in time to offset the anticipated shortage in supplies. This fed rumours in the market that OMCs would not be able to meet the demand, leading to a sudden spurt in demand. There was also a strike in bottling plants in the National Capital Territory (NCT) area towards the end of September 2005 which aggravated the situation.

The Ministry took matters in hand early in October, 2005 when it was decided that through a combination of inventory management and imports, directly handled by a composite task force of the OMCs under the close supervision of the Government, physical shortages of supply would be overcome as quickly as possible. It was also decided that bottling plants in the NCT area would work on Sunday, 9th October 2005 and other holidays. On the basis of these decisions, it was announced that the physical shortage in the NCT area would end by Dusshera and substantively in the rest of the country by Deepavali. These objectives have been largely achieved. In addition to the arrangements made earlier by OMCs to import 642 TMT of LPG during the period October-December 2005, arrangements have been made to import an additional quantity of 237.9 TMT during this period, 138 TMT of which has already reached the country. Thus, the overall physical shortage in the country at present has been reduced to only about 1.5% of the average monthly consumption of LPG. However, the backlog at the micro-level may vary from market to market on account of operational reasons.

In view of the temporary LPG shortage, OMCs had restricted the release of new connections effective September 2005 but they have resumed the release of new LPG connections from 1st December 2005 onwards. As on 01.11.2005, a waiting list of about 3.90 lacs persons has developed in the various States of the country. The State-wise details of waiting lists are at Annex.

With the restoration of production of LPG in RIL's refinery from 1st December 2005, the supply situation is expected to substantively improve and normalize in the coming few weeks.