

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

STARRED QUESTION NO:31

ANSWERED ON:24.11.2005

NEW LPG CONNECTIONS

Patil Shri Balasaheb Vikhe;Shiwankar Shri Maha Deo Rao

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

- (a) whether the Government has imposed restrictions in providing new Liquefied Petroleum Gas (LPG) connections ;
- (b) if so, the reasons therefor ;
- (c) whether the Government has received complaints regarding harassment of consumers by gas dealers while giving gas connections ;
- (d) if so, whether Public Sector Oil Marketing Companies have identified such dealers ;
- (e) if so, the details thereof alongwith the action taken by the Government against those dealers ;
- (f) whether the Government is contemplating to increase the quota of new LPG connections of dealers ; and(g) if so, the details thereof and if not, the reasons therefor ?

Answer

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

(a) to (g) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (g) OF THE LOK SABHA STARRED QUESTION NO. 31 BY PROF. MAHADEORAO SHIWANKAR AND SHRI BALASAHEB VIKHE PATIL TO BE ANSWERED ON 24TH NOVEMBER, 2005 REGARDING NEW LPG CONNECTIONS.

(a) to (g): The Government have not imposed any restrictions on the public sector oil marketing companies (OMCs) for providing new LPG connections.

However, a temporary shortage of LPG emerged in September 2005 when Reliance Industries Ltd. (RIL), the largest domestic supplier of LPG, announced a shut down of their Fluidized Catalytic Cracker (FCC) unit at Jamnagar for maintenance work with effect from October 2005 at just about the time global LPG supplies became tight, partly on account of the impact of Hurricane Katrina on US refineries. This upset the plans made by our Oil Marketing Companies (OMCs) to effect imports in time to offset the anticipated shortage in supplies on account of the RIL shut down. This further led to 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 NCT area towards the end of September 2005 which aggravated the situation. The Ministry took matters in hand early October 2005 when it was decided that through a combination of inventory management and import management by a composite task force of OMCs under the close supervision of 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, 9 October 2005 and other holidays. On the basis of these decisions, it was announced that the physical shortage in the NCT area would be ended by Dusshera and substantively in the rest of the country by Deepavali. These objectives have been largely achieved, with the overall physical shortage in the country at present having been reduced to only about 1.5% of the average monthly consumption of LPG. The situation is expected to normalize further by the end of November 2005 on the restoration of production in RIL's refinery.

While OMCs have succeeded in reducing physical shortages of LPG supplies to around 1.5% of the average monthly requirement, the backlog at the micro-level does vary from market to market on account of operational reasons. Moreover, while OMCs are striving to ensure supplies to distributors in accordance with the registered customer strength of the distributor, the active cooperation of State Governments is required to cap, reduce and eventually eliminate the diversion of domestic LPG diversion to the black market and unauthorized use which takes place on account of the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG. The Union Government in the Ministry of Petroleum and Natural Gas has alerted State Governments to the imperative need to curtail diversion and other malpractices by enforcing the control orders issued under the Essential Commodities Act, 1955. OMCs have also been directed to ensure adherence to Marketing Discipline Guidelines, 2001.