

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

UNSTARRED QUESTION NO:593

ANSWERED ON:23.02.2006

NEW LPG CONNECTIONS

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

- (a) whether the Government has restarted the allotment of LPG connections ;
- (b) if so, the number of new LPG connections likely to be provided during 2006-07 ;
- (c) the losses being incurred by the companies every year due to the present rates of LPG gas cylinders ; and
- (d) the steps likely to be taken by the Government to compensate the losses of the companies ?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIDINSHA PATEL)

(a): Public Sector Oil Marketing Companies (OMCs) had suspended release of new LPG connections during the period September-November, 2005 due to temporary shortage of LPG in the country. With the improvement in the availability of LPG, OMCs have resumed release of new connections with effect from 1st December 2005.

(b): During the year 2006-07, approximately 60 lakh new LPG connections are expected to be released by OMCs.

(c) : The profitability of the OMCs has been adversely affected due to non-revision of prices of sensitive petroleum products in line with international prices. As against profit of Rs. 5222.84 crore recorded during April-December, 2004, the OMCs registered a combined loss of Rs. 2897.55 crore, during the corresponding period this year.

(d) : In order to formulate a long-term pricing policy, the Government had constituted an Inter-Ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister to examine different aspects of pricing and taxation of petroleum products. The Committee submitted its report on 17.2.2006. The Committee has recommended raising the price of domestic LPG by Rs. 75/cylinder immediately and gradual elimination of subsidy thereafter. The report is being examined by the Government.

Government has also decided in principle to issue oil bonds of Rs. 11,500 crores to the OMCs to share the subsidies.