

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

UNSTARRED QUESTION NO:3465  
ANSWERED ON:24.08.2006  
INTEREST RATE TO SC/ ST LPG DEALERS  
Argal Shri Ashok

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

- (a) whether the Government has directed to recover interest at the high rate of 17.75 percent on the loan sanctioned to the persons belonging to scheduled castes and scheduled tribes who have been allotted the LPG dealerships whereas at the time of agreement, there was a provision to charge Rs. 1/- per cylinder as recovery amount ;
- (b) if so, the details thereof and the reasons therefor ; and
- (c) the corrective steps taken by the Government in this regard ?

**Answer**

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

(a) to (c) : No, Sir. Public Sector Oil Marketing Companies (OMCs) have a Corpus Fund Scheme to help the LPG distributorships of Scheduled Caste/Scheduled Tribe (SC/ST) category across the country. As per this Scheme, OMCs provide the necessary infrastructure and working capital loan at the time of the commissioning of the distributorship. This loan is recovered through a licence fee, which was initially Rs. 1 per cylinder and subsequently revised to Rs. 2 per cylinder in November 1997, to be recovered in perpetuity.

Government have advised OMCs to provide for stopping the recovery of licence fees once the investment made by the OMCs has been fully recovered from the distributor who has availed of the benefits under the Corpus Fund Scheme. The distributor has also been given an option to repay the outstanding amount under the Corpus Fund Scheme by choosing to pay the licence fees through a number of available options or clear the outstanding dues in a lump sum, at any time.

OMCs are presently charging interest at 1% over the Prime Lending Rate, applicable at the time of making the investment for the infrastructural facilities provided and 11% per annum on the working capital loan given to the distributors.