

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

UNSTARRED QUESTION NO:623

ANSWERED ON:11.11.2010

SHORTAGE OF LPG

Adityanath Shri Yogi;Chaudhary Shri Arvind Kumar;Dhanaplan Shri K. P.;Ganeshamurthi Shri A.;Kumar Shri Kaushalendra;Rajaram Shri Wakchaure Bhausahab;Ramkishun Shri ;Tagore Shri Manicka;Thomas Shri P. T.

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

- (a) whether there is shortage of LPG in several States including Kerala, Tamil Nadu, Karnataka and Maharashtra;
- (b) if so, the details thereof alongwith the reasons therefor;
- (c) whether cases of hoarding and blackmarketing of LPG by the agencies/dealers especially during festive seasons has been reported ; and
- (d) if so, the details of such cases and the steps taken by the Government to prevent blackmarketing/ hoarding of LPGs and meet the demands of the consumers ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): Public Sector Oil Marketing Companies (OMCs) have reported that at present, there is no overall shortage of LPG in the country including in the States of Karnataka, Kerala, Maharashtra and Tamil Nadu and LPG supplies to distributors are being made by the OMCs through indigenous production and imports in accordance with the genuine demand of customers registered with the LPG distributors.

OMCs have reported a backlog of few days in LPG supplies in certain States in the country including Kerala, Maharashtra and Tamil Nadu due to a combination of factors viz., restricted movement of bulk LPG tank trucks, excessive booking due to various festivals, shortage of bulk LPG etc. Government has advised OMCs to liquidate the backlog in the States by operating the bottling plants on holidays and during extended hours.

(c) & (d): While no case of hoarding of LPG cylinders by the distributors has been established, OMCs have reported that based on the established complaints on blackmarketing/diversion of domestic LPG by their LPG distributors, action has been taken in 61 cases in the country between April 2010 to September 2010 as per provisions of Marketing Discipline Guidelines (MDG) / Distributorship Agreement.

The possibility of blackmarketing/ diversion of subsidized domestic LPG cylinders by some unscrupulous elements cannot be ruled out due to the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG.

In order to stop blackmarketing/ diversion of domestic LPG cylinders, the Government has enacted "Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000" and formulated "Marketing Discipline Guidelines, 2001" which provides for penal action against LPG distributors indulging in diversion/ blackmarketing of LPG.

Whenever OMCs receive complaints on diversion/blackmarketing of LPG against their LPG distributors, these are investigated. If the complaint is established, action is taken against the LPG distributor in accordance with the provisions of the Marketing Discipline Guidelines (MDG).

MDG provides for following action against the distributor:-

Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence.

Termination of the distributorship for 3rd offence.

In addition to the action taken by the OMCs, State Governments are empowered under the LPG (Regulation of Supply & Distribution) Order, 2000 to take action against blackmarketing/diversion of domestic LPG. Similarly, the Weights and Measures Departments of the States / UTs initiate legal action against those LPG distributors found blackmarketing or diverting LPG cylinders.