

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-766
ANSWERED ON- 10/02/2025

SUBSIDY BORNE BY OMCs

766 SHRI RAJEEV SHUKLA:

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

- (a) whether Government has completely put the responsibility of proposed subsidy/slashing of prices of LPG on Oil Marketing Companies (OMCs) of the country;
- (b) if so, the details thereof;
- (c) the expected amount of subsidy to be borne by OMCs for the next one year;
- (d) whether such burden would affect the financial stability of OMCs; and
- (e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI SURESH GOPI)

(a) & (b) No. In order to insulate the common man from the impact of rise in international oil prices, Government continues to modulate the effective price to consumers of Domestic LPG. Applicable Direct Benefit Transfer for LPG (DBTL) and Pradhan Mantri Ujjwala Yojana (PMUY) subsidy which is borne by Government, is credited to the bank accounts of eligible LPG consumers through DBT mechanism. Apart from the DBT subsidy to consumers, the public sector OMCs have been compensated Rs. 22,000 crore in FY 2022-23 by Government to cover the under-recoveries suffered by them in not passing on the high international LPG prices to the domestic LPG consumers. The details of total subsidy on domestic LPG since 2022-23 borne by Government are given below:

| Financial Year | Subsidy^ (Rs. in Crore) |
|-----------------------|--------------------------------|
| 2022-23 | 6965 [@] |
| 2023-24 | 11444 |

[^] This includes expenditure on connections given under Pradhan Mantri Ujjwala Yojana (PMUY) from May, 2016.

[@] In addition, Government paid a one-time compensation of Rs.22000 crore to OMCs for under-recoveries on the sale of domestic LPG.

Source: Petroleum Planning and Analysis Cell (PPAC)

India imports about 60% of the domestic LPG consumed. Price of LPG in the country is linked to its price in the international market. While the average Saudi CP (international benchmark for LPG pricing) rose by 64% (from US\$ 385/MT in July 2023 to US\$ 632 /MT in December 2024), the effective price for Pradhan Mantri Ujjwala Yojana (PMUY) consumers for domestic LPG was reduced by 44% (from Rs. 903 in August 2023 to Rs. 503 in January 2025).

The retail selling price of a 14.2 Kg domestic LPG cylinder is currently Rs. 803 in Delhi. After a targeted subsidy of Rs. 300/cylinder to PMUY consumers, Government of India is providing 14.2 Kg LPG cylinders at an effective price of Rs.503 per cylinder (in Delhi). This is available to more than 10.33 crore Ujjwala beneficiaries, across the country.

(c) to (e) The Budget Estimates for FY 2025-26 provide Rs. 500 crore towards Direct Benefit Transfer for LPG (DBTL) and Rs. 9100 crore towards Pradhan Mantri Ujjwala Yojana (PMUY) subsidy respectively, to be borne by the Government of India.

The three Oil Marketing Companies (OMCs) viz. IOCL, BPCL and HPCL have booked a combined profit of Rs. 19768 Crore in first three quarters (April – December) of current financial year 2024-25.
