

**LOK SABHA
STARRED QUESTION NO. 73
TO BE ANSWERED ON 07 DECEMBER, 2023**

Subsidy Borne by OMCs

*73. SHRIMATI PRATIMA MONDAL:

PROF. SOUGATA RAY:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the Government has 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

पेट्रोलियम और प्राकृतिक गैस मंत्री

(श्री हरदीप सिंह पुरी)

**MINISTER OF PETROLEUM AND NATURAL GAS
(SHRI HARDEEP SINGH PURI)**

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

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 73 asked by Shrimati Pratima Mondal and Prof. Sougata Ray to be answered on 07 December 2023 regarding “Subsidy Borne by OMCs”.

(a) to (e): No Sir. India imports more than 60% of its domestic LPG consumption. Price of LPG in the country is linked to its price in the international market. However, Government continues to modulate the effective price to consumer for domestic LPG. Accordingly, Government reduced the Retail Selling Price of domestic LPG by Rs. 200 per 14.2 Kg cylinder with effect from 30th August, 2023.

Under PAHAL Scheme, the domestic LPG cylinders are sold at non-subsidised price and the applicable subsidy to the consumers is transferred directly into their bank accounts. Pradhan Mantri Ujjwala Yojana (PMUY) was started in May, 2016 with an objective to provide access to clean cooking fuel to poor households across the country. Under PMUY scheme, a deposit free LPG connection is provided to adult women from poor households. As of 30.09.2023, 9.59 Crore PMUY connections have been released in the country.

During the period 2020-21 to 2022-23, the average Saudi CP (international benchmark for LPG pricing) went up from \$415 per MT to \$712 per MT. However, as Government modulates the effective price, the increase in international prices was not fully passed on in retail prices, due to which the Oil Marketing Companies (OMCs) suffered under recoveries on sale of domestic LPG. To compensate this, the Government approved a one-time compensation of Rs. 22,000 crore to OMCs in FY 2022-23. During Covid pandemic, Government also provided about 14.17 Crore free LPG refills to PMUY households under Pradhan Mantri Gareeb Kalyan Package during 2020.

W.e.f. 21st May, 2022, Government has been providing a budgetary support for targeted subsidy of Rs. 200 per 14.2 Kg cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year for years 2022-23 and 2023-24. Moreover, w.e.f. 5th October, 2023, the targeted subsidy has been further increased to Rs. 300 per 14.2 Kg cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries.