

# Kerosene shortage: Heavy blow for low-income families

Monday 23 May 2022, by [MUDUGAMUWA Maheesha](#) (Date first published: 22 May 2022).

- **Around 20% of estate families not connected to national power grid: Selvaraja**
- **Says looking after workers essential to keep tea industry sustainable**
- **LP gas shortage and price hike push many households to use kerosene**
- **No shortage, kerosene being misused for buses and trucks: Minister**

Meenachchi, a mother of five, wears a loose-fitting shirt over her old, torn blouse and lungi to prevent her clothes from getting wet, covers her head to protect herself from the cold and afternoon sun, and fixes her basket firmly on her back.

She is ready to start her day. This has been her usual routine every single day since she started her life as a tea-plucker decades ago. "Feeding five is not an easy task," she said, with a smile.

Her goal is to pluck as much tea as possible and go home before the light dims. "After 7 p.m. we go to sleep. I have to finish cooking, eating, and cleaning before it gets dark. We're running out of kerosene, but I have kept some in case of an emergency. That's just half a bottle, which I bought many weeks ago. It's not enough, but that's all that we have left now," she lamented.

Meenachchi lives in a line room in the corner of a tea estate in the central hills which is yet to receive electricity. Kerosene is an essential item in the lives of those who live on estates, especially those who are yet to receive electricity.

The plight of many workers in the estate sector is the same as Meenachchi, as many still use kerosene lamps and cookers.

## Forgotten estates

"We can't believe how these people live and the shortages of essentials like kerosene have made their lives more difficult than it was before. The present economic crisis had hit estate sector employees hard. The salary they receive is not even enough to cover daily expenses. They live a very simple life, but are still struggling to cover their essential expenses," All Ceylon Estate Workers' Union (ACEWU) President K. Selvaraj told *The Sunday Morning*.

"Most of them are using kerosene lamps and cookers. When the kerosene shortage arose, most of them shifted to traditional cooking methods, but they still use lamps. This is one of the most essential things for estates."

According to him, around 20% of families in estates are not connected to the national grid yet and many are walking away from plantations in search of jobs in the Middle East. By 2020, around 65% of the estate workers had left the plantations and now it has increased to 70%, Selvaraj explained.

He went on to say that as per statistics, in 2020, there were around 133,000 employees in estates

around the country. Out of around 449 tea factories in the country as of 1992, 194 have been closed down and the factories have been removed from estates.

Selvaraj said that since the employees were not even receiving the essentials, they would not be staying in the plantations. "Many are leaving the country," he stressed.

Tea production is one of the main sources of foreign exchange for Sri Lanka and accounts for 2% of GDP, contributing over \$ 1.3 billion (in 2021) to the economy of Sri Lanka. Tea was the highest foreign exchange earner until about the 1980s when it was overtaken by foreign employment, garments, and tourism. In 2016, 12.3% of total export earnings were from black tea. In 1995, tea plantations and estates directly employed 215,338 and today, directly or indirectly, it employs over one million people.

Sri Lanka is the fourth largest tea producer in the world and contributed to 6.5% of global production after the People's Republic of China (40.5%), India (23.3%), and Kenya (8.6%).

As the ACEWU President stressed, providing essentials and taking care of the core of the industry – the estate workers – is a must if the country needs to make tea a sustainable source of earning foreign exchange.

### **Urban community**

Like those who live in estates, the urban population too is struggling due to the shortage of kerosene as the demand for kerosene has increased during the last few months, in the backdrop of the prevailing gas and fuel crisis in Sri Lanka.

Many who live in urban areas have shifted to kerosene cookers but are now waiting in long queues due to the prevailing shortages.

"What do they expect? Can't they even provide us the very basics? Why do we have a Government if it can't even handle these basic matters? Are they trying to kill us?" Aruna Perera, a 35-year old self-employed man from Maligawatte, questioned.

He said he had stood in a kerosene queue for more than 14 hours and had still been unable to purchase any as the fuel station had closed down saying stocks were over.

Perera lives in a housing scheme where his family cannot use a wood stove. "What am I supposed to do?" he questioned again, cursing the Government. "I have a family – two kids. Am I supposed to let them starve? I cannot do my job as I have to wait in queues to get the essentials. We don't ask them to give for free. We pay. Despite paying for them, we are compelled to stand in these long queues," he lamented. "We too have a limit."

Previously, the Sapugaskanda Oil Refinery met the complete demand of kerosene in the country; however, the supply of kerosene was hampered when the refinery was shut down due to the crude oil shortage in March.

Kerosene is used by a large number of people in Sri Lanka.

During the last two weeks, several protests have been held in many areas in Colombo demanding kerosene, launched by frustrated people who had stood in queues for many hours. Protests were held in Nawinna, Pelawatte, Armour Street, Dematagoda, and Slave Island. So far eight people have died waiting in fuel, kerosene, and gas queues.

Speaking on behalf of consumers, consumer rights activist Ranjith Vithanage stressed that the conduct of the Government was unacceptable as it had failed to provide the very essentials.

“The Government stopped supplying enough gas and then people shifted to kerosene cookers. Many who live in urban areas, especially in housing schemes, have bought cookers by spending over Rs. 7,500. Earlier the price was around Rs. 2,000-3,000. Suddenly when the demand increased, the prices went up. Those in urban areas have no facilities to use wood stoves. They have no electricity, no gas, no fuel, and no kerosene,” Vithanage stressed.

He went on to say that the supply shortages could not be justified as these people had no way to survive unless the issues were sorted.

Elaborating further on the plight of the urban community, Vithanage stressed that it was always the people who suffered due to the conduct of the rulers.

### **Losses**

Priced the cheapest among all fuels, at Rs. 87 a litre, kerosene is the preferred fuel of the urban poor, estate workers, and fishermen as they use kerosene for cooking and lighting and, in the case of fishermen, powering their boats.

According to Ceylon Petroleum Corporation (CPC) statistics, CPC continued to incur losses on account of kerosene being sold at a highly-subsidised price and thus the sector incurred a loss of Rs. 7.4 billion.

According to the CPC, kerosene was supplied at a highly subsidised price – even below the cost of sales – specifically to low-income families and the fishing community to provide relief, given the cost of living.

Consumer subsidies are generally determined as the differential of the full cost-reflective price and the determined price. The full cost-reflective price, which consists of the sum of supply cost, transportation cost, profit margins, and taxation, is the total cost of the product. Kerosene has the largest subsidy cost per litre, generating a subsidy amount of Rs. 7,697 million for the year 2019.

The subsidy on kerosene is largely misused by the heavy transport sector when the price gap between diesel and kerosene increases. Absence of a fully cost-reflective pricing mechanism and the difference between sales revenue and total cost provide the basis for estimating fuel subsidies.

### **No shortage**

Meanwhile, Power and Energy Minister Kanchana Wijesekera told Parliament on Wednesday (18) that there was no shortage of kerosene in the market as necessary quantities were being distributed among the fuel stations identified to sell kerosene island-wide.

He noted that kerosene was being misused in many instances as it was being used in buses and trucks, which in turn had deprived the ordinary citizens from purchasing their kerosene requirements.

Wijesekera asserted that there needed to be a proper crackdown, with public assistance, to identify the persons misusing kerosene.

### **Sapugaskanda to be blamed?**

When contacted by *The Sunday Morning*, the Petroleum Common Workers' Union (PCWU) President Asoka Ranwala stressed that the main reason for the prevailing kerosene shortage was the closing down of the Sapugaskanda Refinery which used to produce the entire kerosene requirement of the country.

"Kerosene is not being used in other countries. It was a solution for many local issues. Kerosene is used by estate and fishing communities, and urban low-income families. Other countries are not using kerosene for fishing. Therefore, there is no international demand for kerosene. As a result, the Government has to import highly expensive aviation oil to distribute among these communities that are using kerosene," he stressed.

Ranwala said the closing down of Sapugaskanda was a national crime. "There are around 1,500 employees without work who are getting paid. The only request that we make is to bring down crude oil. We have been engaging in this field for nearly 40 years and we have expertise. The Government is wasting money on importing aviation oil without importing crude oil."

If the Government can take an immediate decision to bring down the required crude oil and commence operations at Sapugaskanda, the existing kerosene shortage would end, Ranwala stated.

Attempts made to contact Energy Minister Kanchana Wijesekera, Ministry Secretary, CPC Chairman and Managing Director were futile.

### **LP gas shortage to ease**

The prevailing gas shortage is expected to ease this week as the State-owned Litro Gas Lanka Ltd. commenced distribution last week upon receiving a shipment carrying 3,500 MT of Liquefied Petroleum Gas (LPG).

Even though distribution has begun, the shortages will continue as the latest stock will not be sufficient to fulfil the entire country's cooking gas demand.

A ship from Oman carrying 3,500 MT of cooking gas arrived in Colombo last week and another with similar capacity is expected to arrive this week.

Litro Gas Lanka has over 76% market share and it provides LPG for over four million households in addition to supplying multiple commercial and industrial sectors. Litro network consists of 42 distributors, approximately 14,000 point-of-sale locations and 1,500 home delivery hubs that meet the LPG needs countrywide.

Litro Chairman Eng. Vijitha Herath told *The Sunday Morning* that even though Litro was supplying at its fullest capacity, the country's demand could not be met until the private supplier LAUGFS Gas commenced its operations.

LAUGFS is said to have more than 50,000 customers, 30 distributors, and 5,000 dealers.

Meanwhile, following instructions given by Prime Minister Ranil Wickremesinghe, the management of Litro Gas Lanka Ltd. had been summoned before the Committee on Public Enterprises (COPE) last Friday (20) to inquire into the current gas shortage in the country and related solutions.

The COPE has instructed Litro Gas to distribute 60% of its LPG cylinders to highly populated areas like Colombo and Gampaha Districts.

When Litro was summoned before the COPE last week, it shared that the gas supply could be

maintained in the next three months through the \$ 120 million received from the Indian credit facility.

The Committee has also recommended that steps be taken to explore the possibility of providing some financial assistance from the Sri Lanka Insurance Corporation's reserves at this time.

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