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STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2009-10)

FIFTEENTH LOK SABHA

MINISTRY OF PETROLEUM & NATURAL GAS

MARKETING, SUPPLY, DISTRIBUTION, DEALERSHIPS AND PRICING OF KEROSENE AND OTHER PETROLEUM PRODUCTS

[Action Taken by the Government on the recommendations contained in the Twenty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2008-09) on `Marketing, Supply, Distribution, Dealerships and Pricing of Kerosene and other Petroleum Products']

THIRD REPORT

LOK SABHA SECRETARIAT
NEW DELHI

May, 2010/ Vaisakha, 1932 (Saka)

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INTRODUCTION

I, the Chairman, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee to submit the Report on their behalf, present this Third Report on Action Taken by the Government on the recommendations contained in the Twenty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas on 'Marketing, Supply, Distribution, Dealerships, and Pricing of Kerosene and other Petroleum Products'.

2. The Twenty-Fifth Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha on 24 February, 2009. The updated Action Taken Replies of the Government to the recommendations contained in the Twenty-Fifth Report were received on 19 November, 2009.

3. The Standing Committee on Petroleum & Natural Gas (2009-10) considered and adopted the Third Report at their sitting held on 04.05.2010.

4. An analysis of the action taken by the Government on the recommendations contained in the Twenty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas is given in Annexure-II.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

6. The Committee place on record their appreciation for the valuable assistance rendered to them by the officers of the Lok Sabha Secretariat attached to the Committee.

New Delhi;
4 May, 2010
14 Vaisakha , 1932 (Saka)

ARUNA KUMAR VUNDAVALLI,
Chairman,
Standing Committee on
Petroleum & Natural Gas.

CHAPTER I

REPORT

This Report of the Standing Committee on Petroleum & Natural Gas deals with the action taken by the Government on the Recommendations contained in the Twenty-Fifth Report (Fourteenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2008-2009) on 'Marketing, Supply, Distribution, Dealerships and Pricing of Kerosene and other Petroleum Products', which was presented to Lok Sabha on 24.02.2009.

2. Action Taken Notes have been received from the Government in respect of all the 20 Recommendations /Observations contained in the Report. These have been categorised as follows:-

(i) Recommendations/Observations that have been accepted by the Government:- SI.Nos. 1, 3, 4, 6, 8, 13, 14, 15, 17 and 20

(ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:- 5, 7 and 19

(iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- SI.Nos. 2, 9, 10, 11 and 18.

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:- SI.Nos.12 and 16.

3. The Committee desire that the Action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report and Final Replies in respect of the recommendations for which interim replies have been furnished by the Government (included in Chapter-V), should be furnished expeditiously.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

A. <u>Supply of Euro-III/Euro-IV Equivalent Fuel</u>

Recommendation (Sl. No. 2, Para No.7.2)

5. As per Auto Fuel Policy, supply of Euro-III equivalent fuel in the entire country and Euro-IV equivalent fuel in some major cities is stipulated to commence w.e.f. 1.4.2010. Accordingly, the refineries in the country are engaged in putting up upgradation facilities to their existing infrastructure to meet the said target date. The Committee were informed that the oil marketing companies had requested the Ministry of Petroleum and Natural Gas for relaxation in the above-mentioned implementation date as some refineries might not be in a position to supply Euro-III/IV petrol and diesel w.e.f. 1.4.2010. These refineries are: IOC Digboi, Guwahati and Barauni (Euro-III MS and HSD), CPCL Manali (Euro-IV HSD) and HPCL Mumbai and Vizag (Euro-IV HSD). In the opinion of the Committee, there is no need to make any relaxation in the implementation schedule. Instead, the Committee would like the above refineries to redouble their efforts and finish the job before the stipulated deadline. The Committee further observed that in case it was not possible to complete the work within the requisite time schedule, the requirement of Euro-III/IV petrol and diesel in these refinery fed areas should be met through procurements from other refineries or imports.

6. In response, the Ministry of Petroleum & Natural Gas has submitted as below:-

"A. <u>Indian Oil Corporation Limited (IOCL) refineries at Digboi, Guwahati, Barauni and Bongaigaon :</u>

a) <u>Refineries at Digboi, Guwahati & Barauni</u>

These refineries will be able to supply Euro-III quality HSD as per the stipulated time schedule.

However, supply of Euro-III quality MS will be delayed by about 6 months. IOCL is implementing MS quality Upgradation projects at these refineries. Though IOCL has made all efforts for completion of these projects in time, constraints like poor response, high quotations etc faced by IOCL during the tendering process of these projects have resulted in delay in completion of the projects.

b) Refinery at Bongaigaon

IOCL (erstwhile BRPL merged with IOCL on 25.03.09) is implementing DHDT project and MS quality Upgradation project at this refinery.

While this refinery will be able to supply 70% quantity of Euro-III quality MS as per the stipulated time schedule, the balance supply of MS as well as total supply of HSD of Euro-III quality will be delayed by about 6 months.

Though all efforts have been made for completion of these projects in time, constraints like shortage of Technical resources in the region, poor pace of construction activities in the prevailing local environment of Bandhs & Road blockades from time to time (which have severely affected the movement of materials & machinery) have resulted in delay in completion of the projects.

B. Hindustan Petroleum Corporation Limited (HPCL) refineries at Mumbai & Vizag:

The current status of the ongoing two projects of HPCL to produce and supply of Euro-III/IV HSD is that currently bids review and order placement of various equipment are in progress and project is expected to be mechanically completed by Sept., 2011. However, efforts are being made to achieve completion schedule before the expected date by implementing the best practice and adopting innovative method.

C. Chennai Petroleum Corporation Ltd. (CPCL)

Diesel Hydrotreating (DHDT) unit of CPCL's Euro-IV Project is expected to be commissioned by July 2010 and CPCL will be in a position to supply Euro-IV HSD from 1.10.2010 from that unit".

7. The Committee are concerned to note that the deadline of 1 April, 2010 of supply of Euro III equivalent fuel in the entire country and Euro IV fuel in some selected cities has not been complied with as stipulated by the Auto Fuel Policy primarily because of the failure of the refineries like IOC, Digboi, Guwahati and Barauni (Euro III MS and HSD), CPCL Manali (Euro IV HSD) and HPCL, Mumbai and Vizag (Euro IV HSD) to put in place the requisite upgradation facilities within the time schedules envisaged for their completion. The reasons advanced by IOC refinery for not meeting

the deadline are poor response, high quotations, shortage of technical resources and an environment of bandhs and blockades affecting the movement of materials and machinery while in the case of HPCL and CPCL refineries, the Government has not even considered necessary to furnish any reasons for the delay in the on-going projects. Considering the fact that all these refineries are run by well established companies which have been in the business for a long time, the committee feel that the reasons advanced by the Government for delay in execution of the projects are not only vague but hardly convincing because most of the constraints cited could have been visualized and factored in while preparing technical feasibility reports for upgradation facilities of each project. The committee note with displeasure that action taken reply of the Government does not even show any review having been made periodically and mid course corrective measures taken to overcome the unforeseen constraints, if any, to ensure timely completion of the projects. The Committee, therefore, urge the Government to take all necessary steps for completion of the upgradation facilities at these refineries to prevent any time and cost over-runs in supply of Euro-III and IV fuels in the country.

B. LPG Distribution Mechanism

Recommendation (SI. No. 9, Para No.7.9)

8. The Committee have been informed that at present there is no overall shortage of LPG in the country 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. However, they are given to understand that considerable delay is taking place these days in refill of LPG cylinders in various parts of the country, especially in rural areas. The Committee, in their 20th Report (14th Lok Sabha), had recommended for strengthening of delivery mechanism so as to reduce the gap between the booking and delivery of cylinders to two days in all eligible cases. The Committee reiterate the said recommendation in view of the hardships being

experienced by the consumers owing to excessive delay taking place in the refill of cylinders.

9. In response, the Ministry of Petroleum & Natural Gas has submitted as below:-

> "Public Sector Oil Marketing Companies (OMCs) have given instructions to their LPG distributors for making deliveries to consumers within 48 hours of booking. LPG distributors are also advised to maintain sufficient delivery infrastructure to ensure prompt delivery of refills. However, due to uncontrollable circumstances like strikes, bandhs, natural calamities etc., delay in refill supply takes place resulting in excessive pending calls at the LPG distributorships. During such period backlog gets generated which is expected to be cleared shortly. In order to help the customers, issue of double cylinders against the same connection has also been permitted".

10. The Committee have repeatedly recommended in 20th and 24th Report (14th Lok Sabha) for reducing the time gap between the booking and delivery of cylinders to two days at maximum in all eligible cases. The Committee note that it is one thing to issue instructions to the LPG distributors for making deliveries to customers within 48 hours of booking but it is another to enforce the same in a continuous and consistent manner to win the satisfaction of the customers in this regard. It needs no emphasis that effective enforcement of such instructions require setting up of a dedicated monitoring mechanism at different levels with provision for regular inspection of the LPG distributors booking and delivery schedules and suitable penal action against defaulters as per market discipline guidelines. In a market economy, ultimately consumer satisfaction should be the touchstone of the LPG distributors performance in timely delivery of cylinders. For this purpose, the monitoring mechanism to be set up by the Government should also provide for a feed back of customers to guage the level of their satisfaction with the performance of distributors. Although issue of a double cylinder to a customer against same connection will mitigate the problem of timely delivery to some extent the real solution to the problem lies in effective monitoring by the Government and the oil marketing companies through a proper mechanism only. The Committee, therefore, recommend that the Government should come up with details of

suitable monitoring mechanism to deal with delays in delivery of LPG cylinders to customers.

C. Diversion of domestic LPG and Kerosene

Recommendations (Sl. Nos. 10 & 11, Para Nos. 7.10 & 7.11)

Recommendation (SI No. 10, Para No. 7.10)

11. Diversion of domestic LPG and PDS kerosene had assumed serious proportions. Domestic LPG was reportedly being used by various restaurants/dhabas and also for driving cars in different parts of the country. Similarly, large scale diversion of PDS kerosene was also taking place in the country. Though a number of important measures had been taken by the oil companies to curb the menace, the problem had remained very much the same. The Committee had felt that some immediate measures needed to be taken by the Ministry of Petroleum and Natural Gas to remedy the situation. Since the enforcement of many of these measures was the responsibility of the State Governments, the Committee had desired that an initiative should be taken by the Ministry to set up small teams comprising officials of oil companies and police personnel at different locations of the country. These teams should be assigned the job of checking diversions and other malpractices on an exclusive basis. The Committee had further desired that the Secretary of the Ministry should hold a meeting of Chief Secretaries/police DGs of all States and request them for deploying policemen for the said job.

12. The Ministry of Petroleum & Natural Gas has submitted the following reply in this regard:-

> “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.
>
> Public Sector Oil Marketing Companies (OMCs) have detected 1470 cases of diversion of LPG by their LPG distributorship in the country during the last three years and April, 2009 to August, 2009. Action against the erring distributors was taken as per provisions of Marketing Discipline Guidelines (MDG)/ Distributorship Agreement.

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, these are investigated and if the complaint is established, suitable action is taken against the LPG distributor(s) 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 promulgated under the Essential Commodities Act, 1955 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/diversion of LPG cylinders. The State Governments have been alerted from time to time to take steps against the blackmarketing/diversion of domestic cylinders for unauthorized usage.

Government have issued advertisements cautioning the public that use of domestic LPG for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity / malpractice to the OMCs.

The officials of OMCs carry out random checks at distributors godowns, delivery points, as well as en-route to ensure that no misuse takes place. The distributors of OMCs are under strict instructions to check the weight of cylinders at their godowns before delivery, and only cylinders with the specified weight are to be delivered to the customers. The distributors have also been instructed to ensure that the seals are verified & shown to the customers at the time of delivery. In case any under-weight cylinder is received by the customer, such cylinders are replaced free of charge by the OMCs.

State Governments have been advised to take steps to prevent diversion of domestic LPG.

OMCs have also introduced different colours for domestic and non-domestic LPG cylinders for controlling the diversion of domestic LPG for unauthorized use.

In addition to the above, with the objective of ensuring that the benefit of the subsidy reaches the targeted consumers in an efficient and cost-effective manner, this Ministry has decided in principle to introduce Smart Card System for distribution of PDS kerosene as well as for Domestic LPG in Pune (Maharashtra), Hyderabad (Andhra Pradesh) and Bangaluru (Karnataka). As per the Scheme, rations cards will be replaced by a Smart Card containing electronic chip, which will store the biometrics of the targeted beneficiaries in a house hold. Similar cards will be issued to LPG customers as well as. A transaction will materialize only when the biometrics on the card is authenticated by the Point of Sale (POS) terminal.

Smart cards have a cryptography based security system mechanism to prevent illegal cloning of cards.

Smart Card Electronic Data Capture (EDC) Terminal to be available at all locations distributing kerosene and LPG. State Government will set the customer's monthly entitlement of quantity of kerosene and Oil companies will set up the same for LPG customers as a parameter in the terminal application. The ration shop/LPG distributor at the retail outlet shall verify the authenticity of every customer. This is done by capturing the biometrics of the customer and matching it with the one stored on the chip of the card".

13. The Committee observe that although the Government has taken various measures like random check by OMCs at distributor's godowns, enactment of Liquefied Petroleum Gas (regulation of Supply and Distribution) order 2000, introduction of smart card for distribution of PDS kerosene and LPG in some cities yet they could not succeed effectively in checking the black-marketing/diversion of PDS kerosene and LPG unless or until dedicated teams are constituted by the State Governments Police Department to oversee the implementation of these measures. The Committee feel that strict punitive measures under statutory regulation are not enough to check the menace of black marketing/diversion of LPG. The Committee, therefore, reiterate their earlier recommendation and urge the Ministry to convene a meeting of Chief Secretaries and police DGs of all States for convincing them to constitute dedicated teams for the said job.

The Committee would like to be apprised of the follow-up action taken by the Government in the matter at the earliest.

Recommendation (Sl. No. 11, Para No.7.11)

14. A number of steps had been taken by the oil marketing companies to check the diversion of domestic LPG cylinders. Some of these were cautioning the public against the illegal use of domestic LPG for non-domestic purposes through advertisement, making random checks at distributors godowns/delivery points/en-route, conducting refill audits and raids, etc. However, the Committee had regreted to note that the number of raids conducted on commercial establishments during the period from April, 2008 to September 2008 was proportionately much less as compared to the number of raids made during 2006-07 and 2007-08. The Committee had, therefore, recommended that the Government should impress upon the oil marketing companies to increase the number of such raids and constantly review the performance of these companies in this area.

15. In their action taken reply, the Ministry of Petroleum & Natural Gas have informed the Committee as under:-

> "During the Year 2005-06, 2006-07, 2007-08, 2008-09 and April 2009 to August 2009, 46,300 raids were conducted by Public Sector Oil Marketing Companies (OMCs) on commercial establishments in which 1,27,041 domestic LPG cylinders were seized. The details are as under :

Year	Raids conducted on commercial establishments	
	Number of raids	Number of cylinders seized
2005-06	16255	32507
2006-07	12489	26365
2007-08	9564	32804
2008-09	6748	29027
April, 09 to August, 09	1244	6338"

16. The Committee note with concern that although they had recommended that the number of raids conducted by the OMCs on the commercial establishments should be increased, there has been a

continuous decline in the number of such raids since 2006-07(12489), 2007-08(9564) 2008-09(6748) and for the period April to August, 2009, the number of raids conducted has been only 1244. Surprisingly, the reply of the Government merely gives statistics of declining number of raids for the last four years without explaining their positive or negative impact, if any, on containing the diversion of domestic LPG cylinders for commercial use. Nor does the reply indicate the scope for introduction of an alternate action plan other than the raids to combat the menace of such diversions. The Committee, however, note that the number of cylinders seized per raid since 2006-07 has not shown any decline with the declining number of raids. In other words, the problem of diversion of the domestic LPG cylinders has remained as serious as it was in the past. The Committee, therefore, recommend that the Government should impress on the OMCs to increase the number of raids and also to come up with alternative measures to effectively curb the problem of diversion of LPG cylinders. The Committee would like to be apprised of the conclusive action taken in this regard.

D. Opening of Retail Outlets in remote and low service areas

Recommendation (Sl. No. 18, Para No.7.18)

17. The Committee observed that the Government had granted authorization to four private companies viz. Reliance Industries Limited, Essar Oil Limited, Shell India Marketing Private Limited and Reliance Petroleum Limited to market transportation fuel with a pre-condition of compulsory setting up of at least 5.6% of their retail outlets in remote areas and 5.3% in low service areas. Further, the Government had also advised the concerned public sector oil companies to set up identical percentages of their retail outlets in remote and low service areas of the country. The Committee had opined that the imposition of similar conditions on both public and private sector oil companies would not only give a level playing field to these companies but would also expand the petroleum product supply network in the remote and low service areas of the country. The Committee had desired the Government to ensure that the above pre-

condition/stipulation is implemented by the oil companies – both public and private – in letter and spirit.

18. In their Action Taken Reply, the Ministry of Petroleum & Natural Gas have submitted the following information:-

> "Government had advised four private companies namely, M/s. Reliance Industries Limited (RIL), M/s. Essar Oil Limited (EOL), M/s. Shell India Marketing Pvt. Limited (SIMPL) and M/s. Reliance Petroleum Limited (RPL) and public sector oil companies namely, Indian Oil Corporation Limited (IOC), Hindustan Petroleum Corporation Limited (HPCL), Bharat Petroleum Corporation Limited (BPCL), Mangalore Refinery and Petrochemicals Ltd. (MRPL) and Numaligarh Refinery Limited (NRL) to set up atleast 5.6% of their retail outlets in remote areas and atleast 5.3% in low service areas in the country.
>
> The details of ROs commissioned in remote areas and low service areas of the country since the year 2002 by public sector oil companies viz., IOC, HPC, BPC, NRL and MRPL and private companies viz., RIL, EOL, SIMPL and RPL are as under:-

Name of oil company	No. of ROs commissioned	No. of ROs commissioned in remote areas and %ages	No. of ROs commissioned in low service areas and %ages.
IOC	9479	262 (2.76%)	1670 (17.62%)
HPCL	4146	180 (4.34%)	661 (15.94%)
BPCL	3837	137 (3.57%)	678 (17.67%)
NRL	107	56 (52.3%)	6 (5.6%)
MRPL	1	Nil	Nil
RIL	1432	45 (3.14%)	68 (4.75%)
EOL	1302	58 (4.45%)	53 (4.07%)
SIMPL	74	2 (2.7%)	2 (2.7%)
RPL	Nil	Nil	Nil"

19. The Committee are dismayed to note that the advice of the Government to both the Public and Private Sector OMCs for compulsory setting up of at least 5.6% of their retail outlets in remote areas and 5.3% in low service areas to strengthen and expand the petroleum supply network throughout the country had not been complied with by certain companies.

It is surprising that out of nine companies, only Numaligarh Refinery Limited (NRL) has so far successfully achieved the set targets with 52.3% Retail outlets opened in remote areas, and 5.6% in low service areas. Although, the other public sector OMCs have exceeded the targets of commissioning ROs in low service areas, they have failed to achieve the targets for ROs in remote areas. Besides, the three private Companies Reliance India Limited (RIL), Essar Oil Limited (EOL) and Shell India Marketing Pvt. Limited (SIMPL) have altogether failed to meet the set targets of opening up of 5.6% Retail outlets in remote areas and 5.3% in low service areas. The reply of the Government does not furnish any reasons for the poor performance of OMCs in opening certain percentage of their ROs in remote and low service areas and the penal action taken by the Government on defaulting OMCs. The Committee, therefore, recommend that the compliance of stipulated percentage of commissioning ROs in remote areas as well as in low service areas both by public as well as private companies be ensured by the Government so that the consumers in these areas be benefitted.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (SI. No. 1, Para No.7.1)

Shortage of petrol and diesel in some parts of the country has been reported from time to time. The Ministry of Petroleum and Natural Gas has admitted that there have been some stray incidents of dry outs in different parts of the country. Since petrol and diesel are essential items, even stray incidents of dry outs cause immense hardships to consumers. Shortage of these items, especially diesel, even for a few days, can have an adverse impact on the prices of essential commodities, thereby badly affecting the common man. The Committee, therefore, desire that the oil marketing companies should adequately build stocks of petroleum products at their depots and such other installations to effectively meet the shortage of such items taking place at different locations from time to time.

REPLY OF THE GOVERNMENT

Actions are taken to ensure availability of Motor (MS), High Speed Diesel (HSD) and Superior Kerosene Oil (SKO) on sustained basis at Oil Marketing Companies supply points to meet the demand of country in full. As on 01 Oct 2009, the total gross stocks of MS, HSD and SKO are 992 Thousand Kilolitre (TKL), 3414 TKL and 811 TKL in the country respectively. The present stocks of MS, HSD and SKO are equivalent to 16 days, 18 days and 22 days cover respectively.

Ministry of Petroleum and Natural Gas
O.M. No P-38012/09/2008-Dist. (Part-III) dated 16 November 2009

Recommendation (SI. No. 3, Para No.7.3)

Allocation of PDS kerosene is being made by the Government of India to different States/Union Territories on a quarterly basis for distribution under PDS for cooking and illumination only. The Committee have been informed that some of the State Governments/Union Territories have been constantly approaching the Ministry of Petroleum and Natural Gas for enhancing the kerosene allocation. The Committee desire that the allocation of PDS kerosene to States should be enhanced after judging the merits of each case. They further note that the State Governments have also been requesting for providing PDS kerosene for economic activities like fisheries, agriculture, anganwadi, mango growers, etc. However, the SKO Control Order provides that the PDS SKO would be used for cooking and illumination purposes only. Considering the importance of these economic activities, the Committee desire that the request of the State Governments for allocation of kerosene for economic activities should be acceded to by effecting appropriate amendments to the SKO Control Order. However, the Committee would like that the kerosene for the said economic activities is supplied to States at a price higher than PDS rate.

REPLY OF THE GOVERNMENT

Allocation of PDS kerosene is made by the Government of India to different States/Union Territories (UTs) on a quarterly basis for distribution under Public Distribution System (PDS). Further distribution within the States/UTs through their PDS network is the responsibility of the concerned States/UTs.

There has been no reduction in the PDS Kerosene quota to States/UTs from 2004-05 to 2008-09 on account of increase LPG coverage in the States/UTs except the PDS SKO quota of Union Territory of Chandigarh, State Government of Himachal Pradesh and Delhi, which were deducted during 4th quarter of 2008-09 due to consistently lapsing their PDS quota for the last 5 years. Allocation of PDS SKO for the 2nd & 3rd quarter of 2009-10 has been restricted to the States/UTs as per actual upliftment during the year 2008-09.

Ministry of Petroleum and Natural Gas
O.M. No P-38012/09/2008-Dist. (Part-III) dated 16 November 2009

Recommendation (Sl. No. 4, Para No.7.4)

The Committee note that out of 9369 LPG distributorships of the oil marketing companies in the country as on 1.8.2008, 1166 LPG distributorships are located in rural areas to cater to the demand of the rural consumers. Besides, 1212 LPG distributorships have been set up in urban/rural areas which also cater primarily to rural customers. Thus, 2378 LPG distributorships (about 25% of the total) have been set up to cater to the requirements of the rural customers, which the Committee do not consider to be adequate taking into account the huge rural population in the country. They have been informed that the OMCs have finalised 1342 locations in the country for setting up of new LPG distributorships, about 80% of which are to be set up in rural areas. The Committee appreciate this initiative of the Government/OMCs and desire that these new distributorships be set up at the earliest. They also desire that the distribution mechanism in the rural areas needs to be further improved by setting up more distributorships in these areas. The Committee further desire that marketing of 5 kg domestic LPG cylinders in rural and hilly areas should be done on a larger scale for the benefit of the rural people.

REPLY OF THE GOVERNMENT

Public Sector Oil Marketing Companies (OMCs) have finalized a common industry marketing plan covering 1340 locations in the country for setting up of LPG distributorships, mainly in rural and urban-rural (semi-urban) locations. The advertisements for all the locations in the country have been released and selection for the same is in progress as per policy.

,

The setting up of LPG distributorships is a continuous process and involves identifying of a suitable location, arranging land for setting up of godown and other statutory clearances etc.

OMCs have introduced 5 kg domestic LPG cylinders with effect from August, 2002 in order to meet the demand of low-income groups in urban, semi-urban and rural pockets and also extend the reach of LPG to the hilly terrain and interior areas in the country on account of convenience in transportation.

As on 01.10.2009, OMCs have provided 3.66 lakh connections of 5 Kg LPG cylinders in the country.

OMCs are marketing 5 kg domestic LPG cylinders but the off take is very limited by the consumers. This may be because of the fact that 14.2 kg cylinders last much longer than the 5 kg cylinders.

It has been endeavor of OMCs to make the petroleum products available everywhere in the country. However, penetration of LPG is low in rural area due to inadequate presence of LPG distributorship network.

Regular LPG distributors are being set up in the towns/villages having population of 5000 and potential of 2500 LPG cylinders (refill sales) per month including the population within 15 km from the town.

A new scheme called Rajiv Gandhi Gramin LPG Vitrak (RGGLV) was launched for setting up small size LPG distribution agencies in order to increase rural penetration and to cover remote as well as low potential areas for all the locations having potential of 600 refill sales per month. The Scheme was launched in 8 States covering over 1200 locations where the reach of LPG is very low. The Scheme will also provide new employment opportunities for the rural population leading to overall economic prosperity.

As per the "**Vision-2015"** adopted for the LPG sector, target of overall 75% LPG population coverage has been fixed. However to ensure that growth of LPG usage is evenly spread, Oil Marketing Companies will be assessing/identifying location under the new scheme in rural/low potential areas in all States/Union Territories so as to achieve target growth of at least 50% LPG population coverage in each district and at least 60% overall LPG coverage in each State over the next five years.

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Recommendation (Sl. No. 6, Para No.7.6)

The Government has informed the Committee that at present new LPG connections are available across the counter for genuine domestic customers. At the same time, the Government has also furnished the wait list details in respect of release of new LPG connections by the IOCL to genuine consumers.

The Committee note that the wait list for release of LPG connections got reduced to 19,780 as on 1.11.2008 from about 8 lakhs as on 19.8.2008, which is no doubt a positive sign. The Committee desire that the waiting lists of the oil marketing companies for release of new LPG connections should be liquidated at the earliest and effective steps taken to make available LPG connections to genuine consumers across the counter. For this purpose, the availability of LPG should be enhanced through increase in production as well as procurement through imports.

The Committee have also been informed that for a brief period during May-June 2008, LPG connections could not be released to customers due to non-availability of equipments. They advise the OMCs to ensure adequate availability of equipments with them and prevent the recurrence of such a situation in future.

The Committee understand that some LPG distributors in different parts of the country are often compelling the consumers to purchase gas stoves from them at the time of getting new LPG connections. The Committee desire the Government/OMCs to advise the distributors to desist from such acts.

REPLY OF THE GOVERNMENT

As on 01.10.09, Indian Oil Corporation Limited (IOC) has reported waiting list of 0.46 Lakh for release of new LPG connections in the country due to shortage of equipment which is expected to be liquidated within a month.

Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) have not reported any waiting list for release of new LPG connection in the country and new LPG connections are made available as soon as possible and in any case, within a period of sixty days. IOCL has already procured 52 lakh cylinders during the current year and an additional 33 lakh cylinders are being procured. IOCL has awarded contract for procurement of 60 Lakh cylinders in orde to cope up with the shortage of equipment for release of new LPG connections upto March, 2010. IOC has also reported that they have placed orders to procure adequate number of pressure regulators to ensure availability of sufficient equipment.

Public Sector Oil Marketing Companies (OMCs) have reported that they have refrained from entering into the business of sale of rubber tubes or LPG stoves. However, in view of safety considerations, the customers are encouraged to use LPG tubes which offer improved safety, viz., longer life, fire retardant property, rodent proof wire braiding and ozone resistant layer. OMCs have also tied up with some stove manufacturers for production of “Green Label” stoves, which have higher thermal efficiency and, apart from being economical to the consumers, also help in conserving fuel and protecting the environment.

However, a customer is not under any compulsion to purchase the same from the LPG distributors. In fact, customers are at liberty to buy these appliances (meeting BIS specifications) from any source of their choice. A message to this effect is displayed in all the show-rooms of the LPG distributors of OMCs and in case of any established complaints in this respect, action as per Marketing Discipline Guidelines (MDG) is taken against the erring distributors.

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Recommendation (Sl. No. 8, Para No.7.8)

The Committee are concerned to note that there are over one crore households in the country with suspected multiple LPG connections. They believe that the allotment of multiple LPG connections is leading to idling of equipments, thereby delaying the process of release of new LPG connections and refill of cylinders of consumers. The action taken by the oil companies in the matter does not appear to be adequate. In order to fast-track the work, the Committee recommend that a separate cell comprising officials from the marketing division of the three oil marketing companies viz. IOCL, BPCL and HPCL should be set up to exclusively deal with this issue. The immediate job of this cell should be to finalise the confirmed cases of multiple LPG connections in the country. The Committee further desire that advertisements should be issued by this cell on behalf of these companies in the national and vernacular newspapers requesting people to voluntarily surrender their extra LPG connections. In case this initiative does not produce the desired result, appropriate penal action should be initiated against the multiple LPG connection holders. If need be, necessary amendments to the existing enactments/guidelines should be initiated to effectively tackle such cases.

REPLY OF THE GOVERNMENT

As per provisions of the existing LPG (Regulation of Supply and Distribution) Order, 2000, a person cannot hold more than one domestic LPG connection. Public Sector Oil Marketing Companies (OMCs) are trying hard to eliminate multiple connections to control diversion and are working on modalities for undertaking inter-company customer data rationalization exercise to identify the households with multiple LPG connections.

The amendments to the LPG (Regulation of Supply and Distribution) Order 2000 has since been notified on 10.09.2009. Government has advised OMCs to take necessary action to enforce the provisions of the amended Control Order.

OMCs have initiated the exercise of identifying multiple LPG connections, i.e., more than one domestic LPG connection registered in the name of one customer. OMCs have identified 93.62 lakh customers which are likely to be having multiple connections in the country on an intra company basis. OMCs have also initiated action of blocking such multiple LPG connections which are registered against the same customer. About, 15.78 lakh LPG connections have been blocked by the OMCs.

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Recommendation (Sl. No. 13, Para No.7.13)

The Committee have been informed that as on 1.8.2008, the public sector oil marketing companies are operating 349 Auto LPG Dispensing Stations in different cities of the country. In the opinion of the Committee, this infrastructure is grossly inadequate to cater to the requirements of the vehicle users of the country. The Government has stated that sufficient stocks of auto LPG are available with OMCs to meet the requirement of vehicle users. However, the Committee feel that irrespective of the quantum of stocks available with the oil companies, consumers would not be tempted for the product if they have to travel several kilometres and spend a long waiting time for refill purpose. The Committee, therefore, desire that adequate number of Auto LPG Dispensing Stations should be set up in different parts of the country at the earliest. The Committee also desire the Government/OMCs to aggressively promote the use of auto LPG by the vehicle users, keeping in view the fact that it is an environmentally clean fuel.

The Government has further informed the Committee that public sector oil marketing companies have not reported any established complaint of short supply of auto LPG by their dealers. However, in the opinion of the Committee, the possibility of short supply by some dealers cannot be ruled out. The Committee, therefore, desire the oil marketing companies to regularly check the nozzles and other equipments installed at their Auto LPG Dispensing Stations and take appropriate measures in case some deficiency is noticed.

REPLY OF THE GOVERNMENT

Constant efforts are being made by Public Sector Oil Marketing Companies (OMCs) to enhance the base of Auto LPG Dispensing infrastructure in the country. OMCs have reported that the total number of Auto LPG Dispensing Stations (ALDS) has increased from 410 ALDS as on 01.03.2009 to 483 ALDS as on 01.10.2009 in different cities in the country. OMCs also propose to set up 127 more ALDS in different cities in the country during the year 2009-10.

While all out efforts are being made to setup more ALDS in the country, there are demand constraints, which lead to idling of the ALDS infrastructure. Thus, future plans are drawn after making the demand assessment. Moreover, OMCs are experiencing difficulties in identifying suitable sites near the demand centers in view of stringent safety distance norms as required by the Static &

Mobile Pressure Vessels (U) Rules and the recommendations of the Chief Controller of Explosives (CCOE) Task Force.

OMCs are regularly taking steps for promoting use of Auto LPG by organizing awareness campaigns, putting up banners & hoardings and through advertisement campaigns through print & visual media.

OMCs are checking the dispensing meters installed at their ALDS at regular intervals through calibrated master meters, so as to ensure the correctness of the delivery through these dispensers. As on date, OMCs have not reported any established complaint of short supply of Auto LPG by ALDS dealers.

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Recommendation (Sl. No. 14, Para No.7.14)

The Committee are unhappy to note the tardy progress in automation of retail outlets of the oil marketing companies. Against the revised target of 6790 retail outlets of OMCs selling more than 200 KLs/month, automation has been completed in respect of only 3922 retail outlets as on 31.7.2008. While HPCL and BPCL have done relatively better by completing the automation work in 75% and 73% of their retail outlets, IOCL has lagged behind, with a meagre 39% of its retail outlets getting automated as on 31.7.2008. The reasons cited by the IOCL for slow progress i.e. addition of 250 retail outlets of erstwhile IBP to its quota and delay in placement of work order due to substantial difference in rates quoted by vendors, are not very convincing. Since automation of outlets is expected to go a long way in checking adulteration, the Committee desire the company to attach utmost importance to the work and complete the process at an early date.

REPLY OF THE GOVERNMENT

Indian Oil Corporation Limited (IOC) has reported that progress of balance retail outlets (ROs) got retarded due to unavoidable reasons viz. closure of the ROs, remodeling of ROs etc. After compliance of all punch points of trail phase and observation of satisfactory performance, go-ahead for implementation of solution at balance 520 ROs is being issued and work to start shortly. As regards balance 634 ROs, several round of negotiation have been carried out with L-1 vendor in the intervening period in order to bring down the quoted prices. They are now able to get comparable prices and the proposal for placement of Work Order on L-1 has been put up for approval. An utmost important has been to the initiative of ROs automation and all out efforts are made to ensure that ROs automation solution is implemented at all the original targeted ROs in shortest possible time. During 2007-08, out of 2357 ROs, 1038 ROs were automated by IOCL. During 2008-09, out of 1319 ROs, 181 have been automated. As on 1.9.2009, a total of 1247 ROs have been automated by IOCL.

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Recommendation (Sl. No. 15, Para No.7.15)

The Committee are concerned to note that the financial condition of the oil marketing companies viz. IOCL, HPCL and BPCL is not very healthy. During the first six months of 2008-09, these companies incurred a combined loss of Rs. 14,431 crore. The Committee understand that the primary reason for the losses was the under-recoveries incurred by these companies on the sale of sensitive petroleum products. As per the present scheme of things, these under-recoveries are being shared amongst the oil marketing companies, upstream oil companies and the Government. In the opinion of the Committee, the loss-making oil marketing companies should not be made to bear the under-recoveries. Instead, the extent of under-recoveries being borne by such companies, should be compensated by the Government through issue of oil bonds. The Committee further desire that the under-recoveries borne by such companies should be reflected in their balance sheet as 'Contribution to Exchequer' in order to eliminate any doubt or misconception that these Navaratna companies have turned negative.

REPLY OF THE GOVERNMENT

During the year 2008-09, the total under-recoveries suffered by the Public Sector Oil Marketing Companies (OMCs) on the sale of sensitive petroleum products were Rs.1,03,292 crore, as detailed below:

(Rs. Crore)

Under-recovery	**2008-09**
Petrol	5,181
Diesel	52,286
Domestic LPG	17,600
PDS Kerosene	28,225
Total	**1,03,292**

A decision was taken to compensate the entire under-recoveries incurred by the OMCs during 2008-09. Accordingly, the Government has issued Oil Bonds of Rs.71,292 crore and the Public Sector Upstream Oil Companies have contributed Rs.32,000 crore by way of discounts on crude oil/products to the OMCs. Therefore, the OMCs were not required to bear any part of the under-recoveries during 2008-09.

As a result of full compensation of under-recoveries, the OMCs were able to declare profits for 2008-09. The profits of OMCs for 2008-09 are given as under:

(Rs. Crore)

Company	**2008-09**
IOC	2,950
BPC	736
HPC	575
Total	**4,261**

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Recommendation (Sl. No. 17, Para No.7.17)

The Committee find that the taxes/duties levied on retail selling price of petrol and diesel in Delhi amount to about 45% and 25%, respectively. In contrast, in Japan and Thailand, levies on petrol are about 34% and 28% and the same on diesel, about 24% and 8%, respectively. Similarly, in Pakistan, the taxes/duties levied on petrol amount to about 36%. Thus, the rates of taxes/duties on petrol and diesel in our country are higher as compared to other Asian countries. The Committee, therefore, desire that taxes/duties levied on petrol and diesel in the country should be moderated. The Committee also find that there are wide differences among the rates of sales tax/VAT levied on petrol and diesel in various States/Union Territories. While the sales tax/VAT levied on petrol is 18% in Orissa, it is as high as 33% in Andhra Pradesh. Similarly, the rate of sales tax/VAT on diesel is 8.8% in Haryana, while the same stands at an unreasonably high level of 26% in Maharashtra. The Committee desire that the Central Government should impress upon the State Governments to take measures to bring down the rate of sales tax/VAT on petrol and diesel to a reasonable and uniform level across the country.

REPLY OF THE GOVERNMENT

The Central Government, on its part, has taken a number of measures to rationalize the Taxes and Duties on Petrol and Diesel to keep the consumer prices of these products low. From 05.06.2008, Customs Duty on crude oil has been reduced from 5% to Nil and Custom Duty on Petrol and Diesel has been reduced from 7.5% to 2.5%. The ad-valorem portion of Excise Duty on unbranded Petrol and Diesel has also been done away with effect from 01.03.2008. Specific Excise Duty on unbranded Petrol and Diesel was further reduced by Re.1/- per litre with effect from 05.06.2008.

The subject matter of Sales Tax comes under the purview of the State Governments. However, in order to cushion the burden of the price hike in these products effected on 5th June, 2008, the matter of reduction of Sales Tax was taken up with the State Governments and they were requested to bring down the State Taxes on the sales of Petrol and Diesel. Many State Governments responded and reduced the Sales Tax on these products. However, consequent to reduction in retail selling prices of Petrol and Diesel on 06.12.2008 and 29.01.2009, most of the State Governments have again increased the rates of Sales Tax / VAT on these products.

The Central Government, on its part, has again written to the Chief Ministers of all the State Governments and to the Chairman of the Empowered Committee of State Finance Ministers on 23.6.2009, requesting them to rationalize the Sales Tax/VAT on Petrol and Diesel so as to reduce the incidence of tax on the oil prices to protect the interest of the consuming public.

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Recommendation (Sl. No. 20, Para No.7.20)

The Committee note that 13 pipeline projects are under construction in the country at present. They have been informed that out of these 13 projects, 6 projects are incurring time overruns ranging from 2 months to 33 months. These projects are Dabhol-Panvel Pipeline Project of GAIL, Numaligarh-Siliguri Pipeline Project of OIL, Panipat-Jalandhar LPG Pipeline, Augmentation of Mundra-Panipat Crude Oil Pipeline, Koyali-Ratlam Product Pipeline and Paradip-Haldia Crude Oil Pipeline Projects of IOCL. Out of these six projects, progress in respect of the Paradip-Haldia Crude Oil Pipeline Project of IOCL has been extremely slow, with a time overrun of 33 months and a cost overrun of Rs. 72 crore. The Committee desire the concerned companies to analyse the reasons for slow pace of work on these projects and complete the same without any further delay.

REPLY OF THE GOVERNMENT

The Dabhol-Panvel pipeline Project, with branch line to Pune and Usar was approved by Board of Directors of GAIL (India) Ltd. on the 18th January, 2006. The date of commissioning of the project was envisaged as the 17th November, 2007. The mainline from Panvel to Dhabol was commissioned on 11.07.2007. The branch-line from Kargaon to Pune was commissioned on 12.10.08, involving a delay of about 11 months. The delay was on account of the following:

- Stiff resistance from Pune builder lobby resulting in delayed handing over of ROU, which was handed over progressively till April '08.
- Presence of defence ammunition depot near the ROU in the village Talvade and consequent delay on the part of the army authorities in granting permission for 4 kms stretch of ROU.

2. The branch-line from Ambewadi to Usar was commissioned on the **12th February, 2009** involving a delay of about 15 months. The delay was on account of the following:

- Hostile resistance from local villagers of Alibagh taluka (Khar land area) of 15 kms stretch, which is a low lying agricultural land below the sea level protected by bunds, resulting in delayed acquisition of ROU. Finally, ROU was handed over progressively by June, 2008 under massive police protection.

- Early onset of monsoon in the first week of June, 2008 further prevented completion of the project inspite of large mobilization of manpower and machineries. Further, Khar land authorities restrained construction activities during monsoon period. As numerous tidal nalahs crossed through the area, the villagers were hostile to laying of the pipeline fearing ingress of saline water into the agricultural land, which resulted in slow work progress.

- The district authorities also ordered that the construction activities could restart only after the harvest. This resulted in an idle period of 5 months from June, 2008 to October, 2008.

- Frequent hostility and resistance of the local villagers in setting the SV-I station resulted in delayed hand-over of SV1- plot.

3. The original date of completion of **Numaligarh-Siliguri Product Pipeline** of Oil India Limited was October, 2007. There is a time over-run of about 7 months due to prolonged time taken in micro-tunneling works in 7 nos. river crossings due to rough terrain and poor sub-soil condition, severe environmental problems, frequent interruptions by local people etc. The Pipeline was commissioned on **27.08.2008**. **There is no cost over-run**.

4. **Panipat-Jalandhar LPG Pipeline** consists of laying a 10” diameter 275 km long LPG pipeline from Kohand (near Panipat Refinery) in Haryana to Jalandhar via Nabha in Punjab. The project has already been commissioned in **November, 2008**, involving a delay of about three months. The delay was on account of the following:

- Receipt of defective insulation coupling from overseas supplier resulting in delayed completion mainline system.

- Non availability of power supply from Haryana State Electricity Board at Kohand, which was subsequently charged with hired DG set. Now supply from Electricity Board is available.

5. Augmentation of **Mundra-Panipat Pipeline Project** mainly consists of laying a 22” diameter 20 km long loopline from Kot to Kotadi, conversion of Radhanpur scraper station to pumping station & providing pumping units at Rewari. The loopline from Kot to Kotadi has been commissioned in May 2008. The Radhanpur station has been commissioned in **February 2009**. Now with commissioning of 2 nos. Mainline pumping units at Rewari station on 2.6.2009, the desired capacity augmentation of Mundra - Panipat pipeline is achieved. The delay in completion of the project was on account of the following:

- Earlier the commissioning of the project was to synchronize with expansion of Panipat Refinery from 12 to 15 MMTPA.

- Delay in finalization of Prime movers procurement which was re-tendered owing to non-responsive/poor participation by the bidders.

- Delay in availability of power supply at Rewari by Haryana Vidyut Prasaran Nigam (HVPN). The same could be made available only in early May, 2009.

There is **no cost overrun** in the project.

6. **Koyali-Ratlam Product Pipeline Project** consists of laying 16” diameter, 265 km. long product pipeline from Koyali to Ratlam terminal, construction of Pump station inside Koyali refinery, scraper station at Dahod and Pipeline terminal at Ratlam. The pipeline system has already been commissioned in **February 2009**, involving a delay of about 26 months. The delay was on account of the following:

- Delayed availability of land for Ratlam Terminal due to court cases filed by villagers. The court case was awarded in favour IOCL in June, 2008. Subsequently, the land was made available to IOCL by Government authorities and construction could commence.

- Delay in receipt of forest clearance from State Government of Gujarat & MP as well from Ministry of Forest, Government of India.
  There is **no cost overrun** in the project.

7. **Paradip-Haldia Pipeline Project** consists of Installation of crude oil handling facilities at Paradip Port including laying 48” diameter, 20 km transfer pipeline, development of tank farm at Paradip consisting of 15 x 60,000 KL crude oil storage tanks and laying 30” diameter, 330 km long crude oil pipeline to HBCPL Haldia. The Pipeline System has already been commissioned in **December, 2008**, involving a delay of about 32 months. The delay was on account of the following:

- Frequent stoppage of work enroute pipeline due to intervention of anti social elements, extortion, manhandling of contractor personnel, theft and politicization of issues by local groups.
- Delay in forest clearance.
- Repeated failure in HDD crossing.
- Unfavourable sea conditions.

The project has been completed within the revised approved cost of Rs.1420 crore. So, there is **no cost overrun**.

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CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (SI. No. 5, Para No.7.5)

The Committee understand that an initiative was taken to open some new petrol/diesel retail outlets and LPG/Kerosene distributorships/dealerships in Bihar, Andhra Pradesh and other States. It appears that the matter has not yet been finalised. Considering the increase in population and demand for the products, the Committee desire that the process should be finalised/completed at the earliest. The Committee also desire that some provision should be made to accommodate the families of victims of bomb blasts and other terrorist incidents, in the allotment of such outlets/dealerships on compassionate ground.

REPLY OF THE GOVERNMENT

Regarding opening of new retail outlets, OMCs have reported that new retail outlets are set up by them based on the feasibility study of the location, which is a continuous process. Locations found feasible and economically viable are rostered in a State-wise Marketing Plans for setting up retail outlets for entire country including for the states of Andhra Pradesh and Bihar. Further, while setting up retail outlets, norms prescribed by the local/govt. authorities, highway authorities are considered. The retail outlets are set up after only obtaining statutory approvals from competent Government Authorities.

In order to achieve the targets/demand in various markets, OMCs are taking actions by advertisement of the locations identified for setting up of petrol pumps. The applications received are in various stages of scrutiny, Land Evaluation, Interviews, application for statutory approvals to District authorities, CCOE, NHAI etc. However, as indicated above, the commissioning of retail outlets is subject to availability of suitable candidates, availability of land, obtaining the NOC /Statutory approvals etc.

The following is the population of RO of PSU oil Marketing Companies as on 1.10.2009 and the status of RO commissioned during the last financial year and the current financial year (i.e. April –September 2009) throughout the country and in the states of Andhra Pradesh and Bihar.

State	Retail Outlets commissioned		Retail Outlets as on 01.10.2009
	2008-09	2009-10 (April – September)	
Andhra Pradesh	80	39	2964
Bihar	77	14	1484
Country	1135	386	35554

As regard the suggestion to introduce provision to accommodate the families of victims of Bomb blasts and other terrorist incidents in the allotment of dealerships on compassionate ground, it may be mentioned that there is no specific provision for the victims of Bomb blasts or terrorist act. But provisions exist for reservation for social objective categories like Defence Personnel, Paramilitary Personnel and Physically Handicap category etc. Under 8% reservation for 'Defence' category, the following persons will be eligible.

(i) Widows/ dependents of Posthumous gallantry award winners.
(ii) War widows/dependents of those who died in war.
(iii) War disabled.
(iv) Widows/dependents of those who died in harness due to attributable causes.

Further, under 8% reservation for "Paramilitary/Police/ Govt. Personnel (PMP)" category, the following persons will be eligible:

The personnel of Paramilitary / Police Personnel including persons having served in BSF, CRPF, CISF, ITBP, Railway Protection Force, Special Reserved Police, Special Armed Police, Coast Guards, Assam Rifles etc. as designated by Central Government and Police Force of the States, Customs and Central Excise Department, Narcotics Control Bureau, Enforcement Directorate, Economic Intelligence Bureau, Directorate General of Anti-Evasion and Directorate of Revenue Intelligence and those serving in different Departments of Central/State Governments who are incapacitated or disabled while performing their duties. In case of death while performing duties, their widow/dependants will also be eligible.

Also, with a view to rehabilitate the dependents of 18 Government security personnel who laid down their lives while fighting terrorists during 26-28th November, 2008 at Mumbai, Government has approved, as a special case and as a one time measures, direct allotment of retail outlets ROs dealerships / LPG distributorships / SKO-LDO dealerships / CNG Filling Station to one dependent each of the 18 martyrs. Out of these 18 beneficiaries as on 15.10.2009 4 beneficiaries have been handed over CNG dealerships /LPG distributorships /RO dealerships.

Setting up of new LPG distributorship is based on available refill sale potential, which can sustain operation of an LPG distributorship. The refill sale potential is based on several factors including population, population growth rate, economic prosperity of the location and the distance from the existing nearest distributor.

Public Sector Oil Marketing Companies (OMCs) have finalized 37 locations for setting up of new LPG distributorships in the State of Bihar under the new Marketing Plan 2008-2010. The advertisements for the same were released on 19.01.2009 and the last date of receipt of applications for the same was 19.02.2009. Selections for these distributorships are in process. Further availability of LPG in rural area will increase with commissioning of small size LPG distributorships under the new scheme called Rajiv Gandhi Gramin LPG Vitrak (RGGLV).

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Recommendation (Sl. No. 7, Para No.7.7)

The Committee had been informed that the OMCs had increased the security deposit amounts for LPG cylinder from Rs.850 to Rs.1250 and for regulator from Rs.100 to Rs.150 in the States other than the North-Eastern Region. For the North-Eastern Region, the increase had been from Rs.500 to Rs.900 and from Rs.50 to Rs.100 in case of cylinder and regulator, respectively. The hike is stated to have been effected on account of increase in procurement costs and growing under-recoveries. The Committee had desired that these enhanced rates should not be applicable to the economically backward classes of the country.

Reply of the Government

At present, the security deposit amounts for LPG cylinder and Regulator for domestic LPG customers are same for all classes of customers and OMCs do not differentiate between the economically backward classes from others. In some of the States, the respective State Government are providing free/subsidized LPG connection to the economically weaker section by remitting the security deposit on behalf of the customers to the public sector Oil Marketing Companies (OMCs) which helps in providing the domestic gas connection at a subsidized rate for the economically backward classes.

OMCs have reported that the Governments of Tamil Nadu, Andhra Pradesh etc. are currently facilitating BPL and other economically backward sections of the society to avail domestic LPG connections for which the deposit amount etc. is borne by the respective State Governments.

Government is in the process of formulating a scheme for subsiding security deposit towards LPG cylinders and Pressure Regulators for release of domestic LPG connections under Public Distribution System (PDS) to BPL families by leveraging Corporate Social Responsibility (CSR) funds of OMCs".

Recommendation (Sl. No. 19, Para No.7.19)

The refining cost per litre of crude oil during 2007-08 in respect of public sector refineries varies from Re. 0.38 to Rs. 3.92. The Committee find that all the refineries have managed to keep this cost below Re. 1.00 except IOCL Digboi which has incurred a cost of Rs. 3.92 per litre of crude oil. They desire the company to analyse the reasons for this unusually high cost and take effective measures to bring down the same to a reasonable level. The Committee are pleased to note that five refineries (IOCL Gujarat, KRL, MRPL, HPCL Vizag and BPCL Mumbai) have done well to keep their refining cost below Re. 0.50. The Committee desire the other public sector refineries to take a cue from these refineries and bring down their refining cost to the extent possible.

Reply of the Government

The total refinery cost of Digboi refinery has increased from Rs.3.92/Litre in 2007-08 to Rs.5.06/Litre in 2008-09. This is mainly due to increase in salaries and wages on account of pay revision, as may be seen from the Table below.

Digboi Refinery	2008-09			2007-08		
	Rs. Crore	Rs./MT	Rs./Litre	Rs. Crore	Rs./MT	Rs./Litre
Th'put (MMT)		0.623			0.564	
Establishment cost	261.83	4202	3.59	149.67	2654	2.26
Depreciation	82.54	1325	1.13	81.95	1453	1.24
Others	24.48	393	0.34	27.46	487	0.42
Total	368.85	5920	5.06	259.08	4594	3.92

The operating cost of Digboi refinery, excluding depreciation and establishment cost, has come down from Rs.27.46 crore or Rs.0.42/litre in 2007-08 to Rs.24.48 crore or Rs 0.34/Litre in 2008-09.

IOC has taken following steps to bring down the operating cost at Digboi Refinery:

1. Continuous performance monitoring of catalyst and chemicals consumption and optimization of the operating parameters, feed quality etc to avoid premature de-activation/ failure of the catalyst.

2. Modernization of the old and inefficient units through installation of new Crude Distillation Unit/ Vacuum Distillation Unit under the refinery modernisation project, new Delayed Coker Unit, Solvent Dewaxing Unit as well as Diesel Hydro Treater etc. along with Gas turbine/ Heat Recovery Steam Generators etc.

3. The existing Wax Moulding Unit is old, labour intensive and incurs high repair & maintenance cost. Hence, action has been initiated to examine the availability of suitable automated Wax Moulding unit or Wax Pelletising Unit. Tender for Automated Wax Moulding Machine was refloated in February, 2009 as no Technically suitable offer was received against the earlier tender of May, 2008. However, offers received against this re-tender were also not found technically suitable. The feasibility of installation of Wax Pelletisation Unit is being explored.

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CHAPTER IV

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (SI. No.2, Para No.7.2)

As per Auto Fuel Policy, supply of Euro-III equivalent fuel in the entire country and Euro-IV equivalent fuel in some major cities is stipulated to commence w.e.f. 1.4.2010. Accordingly, the refineries in the country are engaged in putting up upgradation facilities to their existing infrastructure to meet the said target date. The Committee have been informed that the oil marketing companies have requested the Ministry of Petroleum and Natural Gas for relaxation in the above-mentioned implementation date. The Committee have also been informed that some refineries may not be in a position to supply Euro-III/IV petrol and diesel w.e.f. 1.4.2010. These refineries are: IOC Digboi, Guwahati and Barauni (Euro-III MS and HSD), CPCL Manali (Euro-IV HSD) and HPCL Mumbai and Vizag (Euro-IV HSD). In the opinion of the Committee, there is no need to make any relaxation in the implementation schedule. Instead, the Committee would like the above refineries to redouble their efforts and finish the job before the stipulated deadline. In case it is still not possible to complete the work within the requisite time schedule, the requirement of Euro-III/IV petrol and diesel in these refinery fed areas should be met through procurements from other refineries or imports.

REPLY OF THE GOVERNMENT

A. Indian Oil Corporation Limited (IOCL) refineries at Digboi, Guwahati, Barauni and Bongaigaon :

c) Refineries at Digboi, Guwahati & Barauni

These refineries will be able to supply Euro-III quality HSD as per the stipulated time schedule.

However, supply of Euro-III quality MS will be delayed by about 6 months. IOCL is implementing MS quality Upgradation projects at these refineries.

Though IOCL has made all efforts for completion of these projects in time, constraints like poor response, high quotations etc faced by IOCL during the tendering process of these projects have resulted in delay in completion of the projects.

d) <u>Refinery at Bongaigaon</u>

IOCL (erstwhile BRPL merged with IOCL on 25.03.09) is implementing DHDT project and MS quality Upgradation project at this refinery.

While this refinery will be able to supply 70% quantity of Euro-III quality MS as per the stipulated time schedule, the balance supply of MS as well as total supply of HSD of Euro-III quality will be delayed by about 6 months.

Though all efforts have been made for completion of these projects in time, constraints like shortage of Technical resources in the region, poor pace of construction activities in the prevailing local environment of Bandhs & Road blockades from time to time (which have severely affected the movement of materials & machinery) have resulted in delay in completion of the projects.

B. <u>Hindustan Petroleum Corporation Limited (HPCL) refineries at Mumbai & Vizag:</u>

The current status of the ongoing two projects of HPCL to produce and supply of Euro-III/IV HSD is that currently bids review and order placement of various equipment are in progress and project is expected to be mechanically completed by Sept., 2011. However, efforts are being made to achieve completion schedule before the expected date by implementing the best practice and adopting innovative method.

C. <u>Chennai Petroleum Corporation Ltd. (CPCL)</u>

Diesel Hydrotreating (DHDT) unit of CPCL's Euro-IV Project is expected to be commissioned by July 2010 and CPCL will be in a position to supply Euro-IV HSD from 1.10.2010 from that unit.

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Comments of the Committee
(Please see para 7 of Chapter I of the Report)

Recommendation (SI. No. 9, Para No.7.9)

The Committee have been informed that at present there is no overall shortage of LPG in the country 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. However, they are given to understand that considerable delay is taking place these days in refill of LPG cylinders in various parts of the country, especially in rural areas. The Committee, in their 20th Report (14th Lok Sabha), had recommended for strengthening of delivery mechanism so as to reduce the gap between the booking and delivery of cylinders to two days in all eligible cases. The Committee reiterate the said recommendation in view of the hardships being experienced by the consumers owing to excessive delay taking place in the refill of cylinders.

REPLY OF THE GOVERNMENT

Public Sector Oil Marketing Companies (OMCs) have given instructions to their LPG distributors for making deliveries to consumers within 48 hours of booking. LPG distributors are also advised to maintain sufficient delivery infrastructure to ensure prompt delivery of refills. However, due to uncontrollable circumstances like strikes, bandhs, natural calamities etc., delay in refill supply takes place resulting in excessive pending calls at the LPG distributorships. During such period backlog gets generated which is expected to be cleared shortly. In order to help the customers, issue of double cylinders against the same connection has also been permitted.

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Comments of the Committee

(Please see para 10 of Chapter I of the Report)

Recommendation (Sl. No. 10, Para No.7.10)

Diversion of domestic LPG and PDS kerosene has assumed serious proportions. Domestic LPG is reportedly being used by various restaurants/dhabas and also for driving cars in different parts of the country. Similarly, large scale diversion of PDS kerosene is also taking place in the country. Though a number of important measures have been taken by the oil companies to curb the menace, the problem has remained very much the same. The Committee feel that some immediate measures need to be taken by the Ministry of Petroleum and Natural Gas to remedy the situation. Since the enforcement of many of these measures is the responsibility of the State Governments, the Committee desire that an initiative should be taken by the Ministry to set up small teams comprising officials of oil companies and police personnel at different locations of the country. These teams should be assigned the job of checking diversions and other malpractices on an exclusive basis. The Committee further desire that the Secretary of the Ministry should hold a meeting of Chief Secretaries/police DGs of all States and request them for deploying policemen for the said job.

REPLY OF THE GOVERNMENT

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.

Public Sector Oil Marketing Companies (OMCs) have detected 1470 cases of diversion of LPG by their LPG distributorship in the country during the last three years and April, 2009 to August, 2009. Action against the erring distributors was taken as per provisions of Marketing Discipline Guidelines (MDG)/ Distributorship Agreement.

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, these are investigated and if the complaint is established, suitable action is taken against the LPG distributor(s) 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 promulgated under the Essential Commodities Act, 1955 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/diversion of LPG cylinders. The State Governments have been alerted from time to time to take steps against the blackmarketing/diversion of domestic cylinders for unauthorized usage.

Government have issued advertisements cautioning the public that use of domestic LPG for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity / malpractice to the OMCs.

The officials of OMCs carry out random checks at distributors godowns, delivery points, as well as en-route to ensure that no misuse takes place. The distributors of OMCs are under strict instructions to check the weight of cylinders at their godowns before delivery, and only cylinders with the specified weight are to be delivered to the customers. The distributors have also been instructed to ensure that the seals are verified & shown to the customers at the time of delivery. In case any under-weight cylinder is received by the customer, such cylinders are replaced free of charge by the OMCs.

State Governments have been advised to take steps to prevent diversion of domestic LPG.

OMCs have also introduced different colours for domestic and non-domestic LPG cylinders for controlling the diversion of domestic LPG for unauthorized use.

In addition to the above, with the objective of ensuring that the benefit of the subsidy reaches the targeted consumers in an efficient and cost-effective manner, this Ministry has decided in principal to introduce Smart Card System for distribution of PDS kerosene as well as for Domestic LPG in Pune (Maharashtra), Hyderabad (Andhra Pradesh) and Bangaluru (Karnataka). As per the Scheme, rations cards will be replaced by a Smart Card containing electronic chip, which will store the biometrics of the targeted beneficiaries in a house hold. Similar cards will be issued to LPG customers as well as. A transaction will materialize only when the biometrics on the card is authenticated by the Point of Sale (POS) terminal.

Smart cards have a cryptography based security system mechanism to prevent illegal cloning of cards.

Smart Card Electronic Data Capture (EDC) Terminal to be available at all locations distributing kerosene and LPG. State Government will set the customer's monthly entitlement of quantity of kerosene and Oil companies will set up the same for LPG customers as a parameter in the terminal application. The ration shop/LPG distributor at the retail outlet shall verify the authenticity of every customer. This is done by capturing the biometrics of the customer and matching it with the one stored on the chip of the card.

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Comments of the Committee

(Please see para 13 of Chapter I of the Report)

Recommendation (Sl. No. 11, Para No.7.11)

A number of steps have been taken by the oil marketing companies to check the diversion of domestic LPG cylinders. Some of these are cautioning the public against the illegal use of domestic LPG for non-domestic purposes through advertisement, making random checks at distributors godowns/delivery points/en-route, conducting refill audits and raids, etc. However, the Committee regret to note that the number of raids conducted on commercial establishments during the period from April, 2008 to September 2008 is proportionately much less as compared to the number of raids made during 2006-07 and 2007-08. The Committee recommend that the Government should impress upon the oil marketing companies to increase the number of such raids and constantly review the performance of these companies in this area.

REPLY OF THE GOVERNMENT

During the Year 2005-06, 2006-07, 2007-08, 2008-09 and April 2009 to August 2009, 46,300 raids were conducted by Public Sector Oil Marketing Companies (OMCs) on commercial establishments in which 1,27,041 domestic LPG cylinders were seized. The details are as under :

Year	Raids conducted on commercial establishments	
	Number of raids	Number of cylinders seized
2005-06	16255	32507
2006-07	12489	26365
2007-08	9564	32804
2008-09	6748	29027
April, 08 to August, 09	1244	6338

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Comments of the Committee

(Please see para 16 of Chapter I of the Report)

Recommendation (Sl. No. 18, Para No.7.18)

The Committee note that the Government has granted authorization to four private companies viz. Reliance Industries Limited, Essar Oil Limited, Shell India Marketing Private Limited and Reliance Petroleum Limited to market transportation fuel with a pre-condition of compulsory setting up of at least 5.6% of their retail outlets in remote areas and 5.3% in low service areas. Further, the Government has also advised the concerned public sector oil companies to set up identical percentages of their retail outlets in remote and low service areas of the country. In the opinion of the Committee, the imposition of similar conditions on both public and private sector oil companies would not only give a level playing field to these companies but would also expand the petroleum product supply network in the remote and low service areas of the country. The Committee desire the Government to ensure that the above pre-condition/stipulation is implemented by the oil companies – both public and private – in letter and spirit.

REPLY OF THE GOVERNMENT

Government had advised four private companies namely, M/s. Reliance Industries Limited (RIL), M/s. Essar Oil Limited (EOL), M/s. Shell India Marketing Pvt. Limited (SIMPL) and M/s. Reliance Petroleum Limited (RPL) and public sector oil companies namely, Indian Oil Corporation Limited (IOC), Hindustan Petroleum Corporation Limited (HPCL), Bharat Petroleum Corporation Limited (BPCL), Mangalore Refinery and Petrochemicals Ltd. (MRPL) and Numaligarh Refinery Limited (NRL) to set up atleast 5.6% of their retail outlets in remote areas and atleast 5.3% in low service areas in the country.

The details of ROs commissioned in remote areas and low service areas of the country since the year 2002 by public sector oil companies viz., IOC, HPC, BPC, NRL and MRPL and private companies viz., RIL, EOL, SIMPL and RPL are as under:-

Name of oil company	No. of ROs commissioned	No. of ROs commissioned in remote areas and %ages.	No. of ROs commissioned in low service areas and %ages.
IOC	9479	262 (2.76%)	1670 (17.62%)

HPCL	4146	180 (4.34%)	661 (15.94%)
BPCL	3837	137 (3.57%)	678 (17.67%)
NRL	107	56 (52.3%)	6 (5.6%)
MRPL	1	Nil	Nil
RIL	1432	45 (3.14%)	68 (4.75%)
EOL	1302	58 (4.45%)	53 (4.07%)
SIMPL	74	2 (2.7%)	2 (2.7%)
RPL	Nil	Nil	Nil

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Comments of the Committee

(Please see para 19 of Chapter I of the Report)

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 12, Para No.7.12)

The Government has conveyed 'in principle' approval to the public sector oil marketing companies for the introduction of composite cylinders for marketing domestic LPG, subject to there being no subsidy element in the LPG to be marketed through such cylinders. The composite cylinders are stated to be translucent, lightweight and aesthetically superior. The Committee have been informed that the OMCs intend to do test marketing in selected cities by importing such cylinders for which global tender would be floated by February, 2009. The Committee desire the OMCs to finalise the tendering process and introduce the product at selected cities as early as possible. Thereafter, based on the response of the consumers to the product, the OMCs should initiate steps to expand the reach of the product to other areas in the country.

REPLY OF THE GOVERNMENT

Public Sector Oil Marketing Companies (OMCs) have reported that as of now two suppliers of composite cylinders viz., M/s. Ragasco, Norway and M/s. Composite Scandinavia, Sweden have been approved by Chief Controller of Explosives (CCOE). OMCs have also reported that a global tender will be invited to have a competitive price and long terms prospects & to standardize the composite cylinder in the initial stages. OMCs are in the process of evaluating the different technologies for finalizing the best suited technology to Indian conditions by evaluating the option of engaging a consultant like IIT etc., to advice on the suitability/superiority of the same in Indian conditions. After finalization of consultant, global tender will be invited for procuring the composite cylinders.

A global tender for procurement of 1 lakh composite cylinders was floated by HPCL on behalf of oil industry. There was only one respondent to the tender. Since the tenderer was not meeting the eligibility criteria, the tender has been cancelled. Steps are in progress for re-floating the global tender with revised eligibility criteria.

There is also a public interest litigation, against composite cylinder, being heard in the High Court of Bombay, filed by an advocate against Union of India and Others including OMCs.

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Recommendation (SI. No. 16, Para No.7.16)

The public sector oil marketing companies pay Trade Parity price when they purchase petrol and diesel from domestic refineries. Trade Parity price is the weighted average of Import Parity and Export Parity prices in the ratio of 80:20. The principle of Trade Parity pricing applies for the refinery gate price as well as for determining the retail price. They have been informed that the High Powered Committee of the Government to review the financial position of oil companies has made recommendation relating to change in the pricing mechanism from Trade/Import Parity to Export Parity basis, which is under examination of the Government. The Committee desire the Government to take an early decision on the said recommendation, under intimation to them.

The Committee understand that there is a demand from some quarters to align the domestic prices of petrol and diesel in line with the international fuel prices. In the opinion of the Committee, such a move would not be prudent until the international crude oil prices stabilise at lower levels. Meanwhile, as recommended by this Committee on a number of occasions earlier, a Price Stabilization Fund should be constituted by using the money collected from cess on indigenous crude/revenues collected from the petroleum sector, to insulate the consumers from the volatility in international fuel prices.

REPLY OF THE GOVERNMENT

The High Power Committee to review the financial position of oil companies had made several recommendations. Ministry of Petroleum and Natural Gas have since forwarded its comments on the Report of the Committee to the Prime Minister’s Office, and the matter is still under examination. Meanwhile, Finance Minister, in his Budget Speech on 06.07.2009, announced the setting up of an Expert Group to advise on a viable and sustainable system of pricing the petroleum products. Accordingly, the Government has constituted an Expert Group under the Chairmanship of Dr. Kirit S. Parikh, former Member, Planning Commission, to examine the current pricing policy of the four sensitive petroleum products; namely Petrol, Diesel, PDS Kerosene and Domestic LPG and make recommendations for a viable and sustainable pricing policy for these products. This may, inter-alia include:

(a) Examination of the current taxation structure on the sensitive petroleum products, with particular reference to Petrol and Diesel and make recommendations to rationalize the taxes levied by the Central and State Governments.

(b) Examination of the financial health of the Public Sector Oil Marketing Companies and to recommend ways of compensating them for their under-recoveries in case they are not permitted to charge market prices as a result of Government's intervention, in order to protect consumers.

(c) Any other matter, which the Expert Group may consider necessary.

The Committee is likely to give its recommendations by the end of December 2009.

The issue of setting up of "Price Stabilization Fund" has been taken up on several occasions with the Ministry of Finance. The MoF has, however, not concurred with the proposal in the light of the fact that under the existing arrangement, it is issuing Oil Bonds to partly compensate the OMCs' under-recoveries. The Oil Bonds issued by the Ministry of Finance over the last few years are shown in the Table below:-

(Rs. in crore)

	2005-06	2006-07	2007-08	2008-09
Oil Bonds issued by the Ministry of Finance	11,500	24,121,	35,290	71,292

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New Delhi;
4 May, 2010
14 Vaisakha, 1932 (Saka)

ARUNA KUMAR VUNDAVALLI,
Chairman,
Standing Committee on
Petroleum & Natural Gas.

ANNEXURE I

EXTRACTS OF MINUTES

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS
(2009-10)

EIGHTH SITTING

(4.5.2010)

The Committee sat on Tuesday, the 4th May, 2010 from 1500 hrs. to 1530 hrs. in Committee Room "C", Parliament House Annexe, New Delhi.

PRESENT

Shri Aruna Kumar Vundavalli - Chairman

MEMBERS

Lok Sabha

2 Shri Anandrao Adsul
3 Shri Sameer Bhujbal
4 Smt. Santosh Chowdhary
5 Shri Mukesh B. Gadhvi
6 Shri Dilipkumar Mansukhlal Gandhi
7 Shri Maheshwar Hazari
8 Shri Gorakh Prasad Jaiswal
9 Shri Virendra Kumar
10 Shri Vikrambhai A. Madam
11 Dr. Thokchom Meinya
12 Shri Danve Raosaheb Patil
13 Shri Kabindra Purkayastha
14 Shri K. Narayan Rao
15 Shri C.L. Ruala
16 Shri Uday Pratap Singh (Hoshangabad)

Rajya Sabha

17 Dr. Prabha Thakur
18 Shri B.K.Hariprasad
19 Shri Kalraj Mishra

20 Shri Subhash Prasad Yadav

21 Shri Sabir Ali

Secretariat

1.	Shri J.P. Sharma	-	Joint Secretary
2.	Smt. Anita Jain	-	Director
3.	Shri J.V.G. Reddy	-	Additional Director
4.	Shri Arvind Sharma	-	Deputy Secretary

2. At the outset, the Hon'ble Chairman welcomed the Members to the sitting of the Committee.

3. Thereafter, the Committee took up for consideration the draft Action Taken Report on the recommendations contained in the 25th Report (14th Lok Sabha) on the subject 'Marketing, Supply, Distribution, Dealerships and Pricing of Kerosene and other Petroleum Products' and adopted the same without any modification.

4. The Committee authorised the Chairman to finalise the Report after making consequential changes, if any, arising out of the factual verification of the Report by the Ministry and present the same to both the Houses of Parliament.

5. ** ** ** **

The Committee then adjourned.

** Matters not related to this Report.

ANNEXURE II

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY-FIFTH REPORT (FOURTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2008-09) ON 'MARKETING, SUPPLY, DISTRIBUTION, DEALERSHIPS AND PRICING OF KEROSENE AND OTHER PETROLEUM PRODUCTS'.

I	Total No. of Recommendations	20
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1,3,4,6,8,13,14,15,17and20)	10
	Percentage to Total	50%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's Reply (Vide Recommendations at Sl. Nos. 5,7and19)	3
	Percentage of Total	15%
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. Nos. 2,9,10,11 and 18)	5
	Percentage of Total	25%
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendations at Sl. Nos. 12and16)	2
	Percentage of Total	10%