

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

UNSTARRED QUESTION NO:470

ANSWERED ON:25.02.2010

BLACK MARKETING OF KEROSENE

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

- (a) the details of quantities of kerosene oil supplied during the last three years and the current year under public distribution system in the country, State-wise and year-wise;
- (b) whether kerosene/LPG are being diverted/black-marketed for adulteration/commercial use and there is an acute shortage of kerosene/LPG in the country;
- (c) if so, the State-wise details of such complaints and the steps taken to check the diversion/black-marketing of kerosene/LPG and to ensure availability of these items at fair price to consumers, and
- (d) the measures taken to increase the production of kerosene/LPG?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

- (a): Quantity of Public Distribution System (PDS) kerosene allocated to the States/UTs during the last three years is at Annex `A
  - (b) & (c): Public Sector Oil Marketing Companies (OMCs) undertake regular and surprise inspections at kerosene dealerships and LPG distributors. Also take action under Marketing Discipline Guidelines (MDG) and Dealership Agreements against those indulging in black-marketing and diversion. In spite of these measures, the possibility of black-marketing of kerosene and misuse of LPG cylinders by some unscrupulous elements cannot be ruled out due to huge price difference between petrol/diesel and the easy miscibility of these products with petrol/diesel and gap between the retail price of LPG for domestic use and the market price for commercial LPG.
- OMCs have reported that at present, there is no overall shortage of LPG and kerosene in the country. Demand of kerosene and LPG are being made by the OMCs through indigenous production and imports in accordance with the genuine demand.
- Oil Marketing Companies (OMCs) have reported that 25 cases of black-marketing of kerosene oil by wholesale dealers and 332 cases of diversion/overcharging of domestic LPG cylinders had come to notice during April - December 2009. State-wise details of cases of black-marketing and diversion of domestic LPG cylinders and action taken thereon are available with Director (Marketing) of OMCs.

In order to check the black marketing of Public Distribution System (PDS) kerosene the Central Government have made provisions in the Kerosene (Restriction on Use u. Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, according to which the dealers cannot sell PDS kerosene at a price higher than the price fixed by the Government or OMCs and that the PDS kerosene dealers should prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place. State Governments are empowered to take action against those indulging in black-marketing and other irregularities.

Also, the Government has taken a number of additional initiatives viz., Tamper proof locking system, monitoring of movement of Tank Trucks through Global Positioning System (GPS), canalization of import of kerosene etc.

The following measures have been taken to prevent the diversion/black marketing of domestic LPG cylinders for commercial purposes:

- (i) Under the LPG (Regulation of Supply and Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion/black marketing of domestic LPG cylinders for commercial purposes by the distributors of public sector OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders for unauthorized usage.
- (ii) The officials of public sector OMCs carry out random checks at distributor's godown, delivery point, as well as en-route to ensure that no diversion/black marketing takes place. As per the MDG, in established cases of diversion/black marketing of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor.

- (a) Fine of Rs 20,000 plus the price of LPG diverted at commercial rates for 1st offence.
- (b) Fine of Rs 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and
- (c) Termination of the distributorship for 3rd offence.

In addition to the above, with the objective of ensuring that the benefit of the subsidy reaches the targeted consumers and to check leakage in supply of PDS kerosene and domestic Liquefied Petroleum Gas (LPG), this Ministry has taken in principle decision to issue bio-metric Smart Cards to users of PDS kerosene and domestic LPG customers beginning with some large cities. The pilot project on Smart Card has initially been proposed to be launched in Pune in Maharashtra, Hyderabad in Andhra Pradesh and Bangaluru in Karnataka. Depending upon the success of the pilot project, the scheme will be extended out to other parts of the country.

(d): The refining capacity of public sector and private sector refineries is estimated to reach 255.832 Million Metric Tonnes Per Annum (MMTPA) at the end of XIth Plan from existing capacity of 179.956 MMTPA. This would imply corresponding increase in production capacities of petroleum products including kerosene /LPG.