

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

STARRED QUESTION NO:47

ANSWERED ON:11.11.2010

MISUSE OF DOMESTIC LPG

Gangaram Shri Awale Jaywant;Sinh Dr. Sanjay

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

- (a) whether cases of pilferage of LPG cylinders by retail outlets and their employees, supply of underweight cylinders and irregularities including blackmarketing have been reported during the last one year;
- (b) if so, the details thereof and the reaction of the Government thereon;
- (c) whether the domestic LPG cylinders are being used in hotels, restaurants and other eateries outlets in small and medium towns and cities ;
- (d) if so, the details thereof ;
- (e) whether any High Powered Committee was constituted for suggesting ways and means to prevent misuse of domestic LPG and check other irregularities/ corruption by retail outlets;
- (f) if so, the details thereof and the follow-up action taken thereon ?

Answer

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

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 47 BY SHRI JAYWANTRAO AWALE AND DR. SANJAY SINH TO BE ANSWERED ON 11TH NOVEMBER, 2010 REGARDING MISUSE OF DOMESTIC LPG.

(a) to (d): The possibility of blackmarketing/diversion of subsidized domestic LPG cylinders by some unscrupulous elements can not be ruled out due to the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG.

Oil Marketing Companies (OMCs) have reported that based on the established complaints of diversion / supply of partially used cylinders / under-weight cylinders / pilfering product from LPG cylinders, action has been taken in 97 cases against the erring LPG distributors in the country during the last one year and between April and September, 2010 under the provisions of Marketing Discipline Guidelines (MDG)/Distributorship Agreement.

Surprise Quality Control Checks which include weighment of cylinders, are carried out at the distributor godowns and weight checking of filled cylinders in transit is being done by the field officers to check pilferage/presence of any underweight cylinders. The distributors have also been instructed to satisfy the customers about the correct weight of cylinders by weighing them, 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.

Government has enacted "Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000" and formulated "Marketing Discipline Guidelines, 2001" which provide for penal action against erring LPG distributors for serious malpractices like diversion of domestic LPG cylinder for non-domestic use, recovery of unauthorized charges from customers, supply of underweight cylinders, etc.

MDG , 2001 provides inter-alia following action against erring LPG distributors for major offences:

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 also empowered to take action under the LPG (Regulation of Supply & Distribution) Order, 2000. Similarly, the Weights and Measures Departments of the States / UTs initiate legal action against those LPG distributors found supplying under-weight LPG cylinders.

(e) & (f): No such committee was constituted for suggesting ways and means to prevent misuse of domestic LPG and check other irregularities/ corruption by Retail Outlets (ROs). However, State Governments have been advised from time to time to take necessary action to prevent/curb diversion of domestic LPG/ malpractices at ROs.