

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

STARRED QUESTION NO:50
ANSWERED ON:24.02.2011
BLACKMARKETING OF LPG CYLINDERS
Alagiri Shri S. ;Gaddigoudar Shri P.C.

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

- (a) whether there is shortage of LPG in various parts of the country including Kerala, Orissa and Uttar Pradesh;
- (b) if so, the details thereof and the reaction of the Government thereon;
- (c) whether commercial use of LPG/ blackmarking of cylinders is taking place in the country on a large scale;
- (d) if so, whether the Government proposes to take any remedial action to check blackmarking of LPG ; and
- (e) if so, the details thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R. P. N. SINGH)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.50 BY SHRI P. C. GADDIGOUDAR AND SHRI S. ALAGIRI TO BE ANSWERED ON 24TH FEBRUARY, 2011 REGARDING BLACKMARKETING OF LPG CYLINDERS.

(a) & (b): Public Sector Oil Marketing Companies (OMCs) namely, Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) have reported 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.

OMCs have reported that at present, while there is no backlog in LPG supplies in the States of Kerala, Orissa and Uttar Pradesh, there is a backlog of a few days in LPG supplies in the States of Andhra Pradesh, Maharashtra, Manipur, Tamil Nadu and West Bengal due to a combination of factors viz., disruption in movement of bulk LPG, labour problem of handling contractor at one of the bottling plants in West Bengal, shortage of bulk LPG due to flash strike by Tank Truck crew and severe cold/fog etc. Government has advised OMCs to liquidate the backlog in the States by operating the bottling plants on holidays and during extended hours. The backlog is expected to be cleared early.

(c) to (e): 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.

In order to stop blackmarketing/diversion of domestic LPG cylinders, the Government has enacted "Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000" (Control Order) under the Essential Commodities Act, 1955 and also formulated "Marketing Discipline Guidelines, 2001" (MDG) 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 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.

OMCs have reported that based on the established complaints of blackmarketing/diversion of LPG cylinders, action has been taken in 322 cases against the erring LPG distributors in the country during the period April 2010 to December 2010 under the provisions of Marketing Discipline Guidelines (MDG)/Distributorship Agreement. Similarly, 2838 raids were conducted on commercial

establishments during the period April 2010 to December 2010 in the country in which 18443 domestic LPG cylinders were seized.

In addition to the raids on commercial establishments, refill audits are also being conducted by the OMCs, especially for distributors indenting for substantially more cylinders than the average consumption pattern to ensure that the distributors do not indulge in diversion of domestic cylinders and do not put the customers to hardship.

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 diverting 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.