

# COMMITTEE ON PETITIONS

(FOURTEENTH LOK SABHA)

## SIXTEENTH REPORT

MINISTRY OF PETROLEUM AND NATURAL GAS



LOK SABHA SECRETARIAT  
NEW DELHI

August, 2006/Sravana, 1928 (Saka)

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(FOURTEENTH LOK SABHA)  
MINISTRY OF PETROLEUM AND NATURAL GAS

*(Presented to Lok Sabha on 23.08.2006)*



LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2006/Sravana, 1928 (Saka)*

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COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Shri Raj Babbar
3. Shri Nandkumar Singh Chauhan
4. Shri N.S.V. Chitthan
5. Shri M. Jagannath
6. Shri Jitin Prasad
7. Shri Baliram Kashyap
8. Adv. Suresh Kurup
9. Smt. Nivedita Mane
10. Mohd. Muqueem
11. Shri Dharmendra Pradhan
12. Shri Jyotiraditya Madhavrao Scindia
13. Shri Damodar Barku Shingada
14. Shri Mansukhbhai D. Vasava
15. Shri Vijoy Krishna

SECRETARIAT

- |                       |   |                          |
|-----------------------|---|--------------------------|
| 1. Shri P. Sreedharan | — | <i>Joint Secretary</i>   |
| 2. Shri A.K. Singh    | — | <i>Director</i>          |
| 3. Shri U.B.S. Negi   | — | <i>Under Secretary</i>   |
| 4. Shri V.P. Gupta    | — | <i>Committee Officer</i> |

SIXTEENTH REPORT OF THE COMMITTEE ON PETITIONS  
(FOURTEENTH LOK SABHA)

INTRODUCTION

I, the Chairman, Committee on Petitions, having been authorised by the Committee to present the Report on their behalf, present this Sixteenth Report (Fourteenth Lok Sabha) of the Committee to the House on the following matters:

- (i) Representations regarding irregularities in award of dealerships/distributorships by oil companies and other related issues.
  - (ii) Representation regarding utilization of Naptha by setting up petrochemical based plant in the Barauni refinery of Indian Oil Corporation Limited under Bihar region.
2. The Committee considered and adopted the draft Sixteenth Report at their sitting held on 22nd August, 2006.
  3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI ;  
22 August, 2006  
31 *Shravana*, 1928 (*Saka*)

PRABHUNATH SINGH,  
*Chairman,*  
*Committee on Petitions.*

## CHAPTER I

### REPRESENTATIONS REGARDING IRREGULARITIES IN AWARD OF DEALERSHIPS/DISTRIBUTORSHIPS BY OIL COMPANIES AND OTHER RELATED ISSUES

1.1 The Committee had received a number of representations from various quarters regarding irregularities in award of dealerships/distributorships by the oil companies and other related issues. Some of the representations were examined by the Committee and their observations/recommendations in the matter were included in its Fifteenth Report which was presented to the House on 23.05.2006. In continuation thereof, the Committee examined the following representations containing issues regarding alleged irregularities committed by the oil companies in award of dealerships/distributorships for various locations and have dealt with in the following paragraphs:—

- (i) Representation from Smt. Meena Kumari, resident of Village & Post Katheya, Distt. Saran, Bihar.
- (ii) Representation from Shri Chandra Shamsher Prasad Singh, Freedom Fighter resident of Village and Post Jogiyara, Distt. Darbhanga, Bihar.
- (iii) Representation from Shri Alok Ranjan Singh, resident of Village Manpur, Post Lal Ganj, Distt. Vaishali, Bihar.
- (iv) Representation from Shri Rakesh Kumar Singh, Village and Post Office Koini, Distt. Gopalganj, Bihar countersigned by Shri Vijoy Krishna, MP.

#### I. Representation from Smt. Meena Kumari

1.2 In her representation, the petitioner stated that she applied for allotment of retail outlet dealership of IOCL in Jalalpur, District Saran, Bihar in response to an advertisement on 20.02.2004. She was called for interview on 09.09.2004. But according to the petitioner, the said interview was only an eye-wash as the Selection Board selected a person who was not present at the time of interview and did not complete the formalities like availability of land and funds etc. as per requirement of IOCL. The petitioner further stated that even after completing all the formalities and fulfilling all the terms and conditions as required by IOCL, she was not selected for the said dealership. The petitioner, therefore, requested that an enquiry be conducted in the matter and justice be given to her.

1.3 The representation of the petitioner was referred to the MOP&NG on 28.10.2004 for their comments on the points raised by the petitioner in the representation. No comments on the said representation were received by the Committee from the MOP&NG. However, in response to a question, the MOP&NG stated:

“The complaint is about irregularities in the selection of dealership for Indian Oil Corporation Limited (IOC)’s retail outlet dealership/petrol pump at Jalalpur, District Saran, Bihar. This complaint is under investigation of IOC.”

1.4 The Committee undertook oral evidence of the representation of the MOP&NG at their sitting held on 25.11.2004. On being pointed out about the complaint from the petitioner, the witness from the IOCL stated as under:—

“Sir, we will take your advise because the paper which I have says that the complaint has been looked into and the land offered is being inspected. Now we will have it looked into a superior level committee with people from some other area and not from that area. Ms. Meena Kumari was requested to come for some evidence.”

1.5 In their written reply to a questionnaire, the MOP&NG *vide* their communication dated 31.03.2005 stated:

- (i) The representation of Ms. Meena Kumari regarding selection of RO Dealership at location Jalapur, Distt. Saran, Bihar has been examined by IOC. The complaints and the findings of the investigating committee are as under:
  - (a) The complaint that the successful candidate, Smt. Usha Kumari, did not appear for the interview, could not be substantiated.
  - (b) The complaint that the amount shown in the bank account of the successful candidate is not correct, has been substantiated.
  - (c) The complaint that the successful candidate does not have suitable land for the retail outlet, has not been substantiated.
  - (d) As regards the complaint the complainant's land is more suitable, the Committee has found that the land offered by the complainant was not suitable.
- (ii) The Committee has recommended as under:—
  - (a) The candidature of Smt. Usha Kumari be cancelled as the information given on bank account at the time of submitting application is at variance with what has been found while conducting the field investigation by the field officer and also confirmed by the candidate herself.
  - (b) Since there is only one candidate in the merit panel, no other candidate can be given an LOI for the dealership. A decision to re-advertise may be taken by the Management.
- (iii) In the light of the above advice, as recommended by the investigating agency, IOC has stated that the location may be re-advertised and selection may be done in terms of the existing guidelines.
- (iv) Based on the above advice, Bihar State Office have cancelled the candidature of Smt. Usha Kumari. Further action on re-advertising the location and carrying out fresh selection are being taken.
- (v) As per existing guidelines on handling of complaints, the same after screening should have been investigated by an officer of minimum 'E' Grade level officer (Senior Manager), and based on findings, decision would have been taken by Head of the concerned State Office. However in this case, in view of the



advice of the Committee, the complaint has been investigated by a higher level committee consisting of one General Manager and one Deputy General Manager, which was formed for this purpose.”

1.6 The MOP&NG *vide* their OM dated 09.09.2005 *inter alia* stated that the case of the petitioner was examined by a high level two-member committee and a gist of the findings/observation of the said committee and also the conclusion arrived at by the Committee as under:—

*I. Observations & Findings of the two-member Committee of General Managers, IOC*

“As per the Attendance Sheet made during the interview, it has been observed that out of 6 candidates called for interview only 5 candidates including Smt. Usha Kumari (candidate selected) has attended the interview. The signature of Smt. Usha Kumari in the attendance sheet is tallying with that of Application Form.”

As per the policy the land offered by Smt. Usha Kumari, the 1st empanelled candidate was physically evaluated by a committee comprising of following and found suitable:

1. Shri Bimal Pathak, Mgr (RS), Patna DO.
2. Shri R.K. Manjhi, Dy. Mgr (Engg.), Patna DO
3. Shri Girish Ranjan, AM (RS), Chapra

In her application form for the dealership Smt. Usha Kumari has shown two Account Numbers.

1. Bank of India A/c No. 5322 – Rs. 1.0 lakh
2. Bank of India A/c No. 4229 – Rs. 1.0 lakh

After FIR, on reference Bank of India, Rampur Branch confirmed that both the Accounts have been closed as follows:

1. A/c No. 4229 – Account closed in September 1999.
2. A/c No. 5322 – Account closed in February 2004.

The land offered by Smt. Meena Kumari was also evaluated by Land Evaluation Committee and found unsuitable since it was not meeting NHAI norms.

*II. Conclusion arrived at by the two-member Committee*

1. As per the report of Land Evaluation Committee only the land offered by Smt. Usha Kumari (selected candidate) and Smt. Prabha Kumari Singh (not appeared for interview) were suitable.
2. Consequent upon interview DSC declared merit panel of single candidate (Smt. Usha Kumari).
3. In the FIR discrepancy of bank a/c of selected candidate Smt. Usha Kumari was revealed. In view of the above the candidature of the candidate has been cancelled and fresh process has commenced for selection of dealership.

4. Certain delays have taken place for carrying out various activities for which analysis is provided in above. The Committee feels that there is not deliberate/ malafide intention for such delays.

1.7 In their brief status note the MOP&NG *vide* communication dated 04.01.2006 stated as under:—

“Based on Oral Evidence taken by Committee on Petitions on 6.6.2005, a two member Committee of IOC was formed to investigate the matter. The conclusions arrived at by the two member Committee of IOC, regarding selection of R.O. dealership at Jalalpur (Bihar) are as follows:—

1. As per the report of Land Evaluation Committee only the land offered by Smt. Usha Kumari (selected candidate) and Smt. Prabha Kumari Singh (not appeared for interview) was suitable.
2. Consequent upon interview DSC declared merit panel of single candidate (Smt. Usha Kumari).
3. In the FIR discrepancy of bank A/c of selected candidate Smt. Usha Kumari was revealed. In view of the above the candidature of the candidate has been cancelled and fresh process has commenced for selection of dealership.
4. Certain delays have taken place for carrying out various activities for which analysis is provided in above. The Committee feels that there is no deliberate/ malafide intention for such delays.

*Current Status:*

1. As the allegation of Smt. Meena Kumari regarding the false information on the bank accounts furnished by Smt. Usha Kumari was established, the merit panel is scrapped and fresh process for selection of dealership is initiated.
2. Though certain delays have taken place while carrying out various activities, there is no deliberate or malafide intention of the officers concerned.
3. The location has been re-advertised on 01.05.2005, 4 applications received and interviews are slated during January 2006.
4. Explanations from the officers concerned received and already processed for putting up to the CDA for further orders.

1.8 The Committee took further oral evidence of the representation of the MOP&NG in their sitting held on 05.01.2006. During the course of evidence the witness, the Secretary, MOP&NG stated as under:—

“Sir, I think, you raised a very relevant question. You said that the petitioner filed her grievance in the court based on this. The matter was investigated and it was found that certain mistakes have taken place. As there is a court cognisance, I do not like to plead on behalf of oil companies in this particular regard.

I think, it will be a sorry state of affairs if the oil companies were to take action for correcting a mistake only based on a court case. I think, this is not a very

desirable thing to do. There should be self-correcting mechanisms. As I submitted in the course of my introductory remarks, this is what we have been striving for. Over the past two years, we have been making guidelines and parameters for selection more and more transparent and objective. For instance, today, once the interview is over, the same day the results are published so that the candidates would know. Secondly, the candidates who have not been selected are also informed about their marks so that they will know why they were not selected. Based on that if they have a grievance, they can always come back to either the company or to the Government. We have opened up all these in order to improve the transparency and fairness. This is a continuous exercise. But, as the Committee observes – I think, we will be also guided by the Committee – wherever representations are received, we should rectify. But, a day will come when the number of representations will go on reducing; that means the system is really becoming more and more correct. Basically, I would like to submit that your point is absolutely valid. We should take action to make the system open and transparent so that we do not wait for court cases to initiate correction. I think that point is well taken. I have made my position clear on this. The Government's position is very clear on this.

Coming to the specific case of the business potential, I will just briefly inform about it. In 1997, the three public sector oil marketing companies, namely, Indian Oil, Hindustan Petroleum and Bharat Petroleum were declared as navaratna companies. The objective was to take cognisance of their big size and the big nature of business, and also to help them grow as global oil major not only in India but abroad also. Considerable delegation of powers has been accorded to these companies. As far as location of retail outlets or LPG distributorships is concerned, we do not sit in judgments on these things. We say you go by your commercial judgement and business considerations. If you think you are satisfied, it is up to you. But, continuously the Board should review. If the retail outlets or LPG distributors are losing or if some locations do not show potential, then the Board should take cognisance of those matters and close them or open them wherever there is potential. So, we have left to it them completely.....”

1.9 In this regard, the witness from IOCL stated:

“I would like to supplement what Secretary (Petroleum) has said about the transparency. In Indian Oil, from 10th of October, we have got a new system wherein we have two committees, namely, the junior committee and the senior committee. The junior committee will only screen the documents. I am only trying to amplify the transparency part of it. In the selection of 100 marks, 91 marks are based only on records. Therefore, the Committee which interviews the candidates need not be under time pressure and need not actually worry much on that. The documents can be scrutinized and the candidates can be told how much marks they are getting. We have brought that kind of transparency. The senior committee will interview the candidates for the balance marks regarding suitability, business acumen etc. Then the scores of the junior committee and the senior committee are put together, and then the panel is declared on the same

day evening as mentioned by Secretary (Petroleum). This is the level of transparency. Each candidate knows what are his marks and why the person is losing the marks. Earlier, it was subjective and people were not aware. Now, that kind of awareness has been created.....”

#### **Observations/Recommendations**

**1.10 The Committee note that the petitioner applied for a retail outlet dealership at Jalalpur, district Saran in response to an advertisement issued on 20.2.04 by IOCL. The petitioner alleged certain irregularities in award of dealership by IOCL. The two-member Committee investigated allegations of the petitioner in the matter. As per their findings, the land offered by the selected candidate was found suitable by the land evaluation Committee but in the FIR, discrepancy in the bank account of the selected candidate was revealed. As a result thereof, the candidature of the selected candidate was cancelled and fresh process for selection of dealership was initiated.**

**1.11 The Committee in examination revealed that certain points contained in the petition were found correct and if the petitioner had not approached the Committee, the IOCL would have gone ahead with the award of RO dealership for which the candidate was selected irregularly. The Committee regret that the IOCL took action only after receipt of the petition. The Committee feel that there might be certain other similar cases where the IOCL did not take any action and have gone ahead with the irregular selection for dealership. This only goes to show that the selection procedure for dealership is faulty and contains lacunas or loopholes which allow irregular selection of candidates for dealership and hence allegation from various quarters. The Committee, therefore, recommend that the Ministry and Oil companies should strive for making guidelines and parameters for selection of dealership more transparent, objective and fairness and rectify the mechanism of selection procedure so as to avoid cause of grievance raised by the candidate who failed to get dealership. However, the Committee are satisfied that the company had taken corrective action to initiate fresh process after it was established that certain irregularity was committed in the selection of the candidate for RO dealership. In view of this, the Committee do not wish to pursue the matter further.**

#### **II. Representation from Shri Chandra Shamsheer Prasad Singh**

1.12 In his representation, the petitioner stated that he applied for award of LPG distributorship by IOCL for the location at Kahare, District Saharsa, Bihar under “Freedom Fighter” category in response to an advertisement on 18.02.2002. The petitioner was interviewed on 07.10.2003 by the DSC. A list of short listed candidates in order of merit was displayed. The petitioner alleged that all the empanelled candidates were taken as they succeeded to receive freedom fighter pension on the basis of forged and fabricated documents and that their candidature being freedom fighter are being enquired by the concerned District Magistrate in terms of the order of High Court of Patna. The petitioner also alleged that there were large irregularities in the selection of candidates for LPG distributorship. The petitioner, therefore, requested that an enquiry be conducted into the matter and the decision of DSC be concerned.

1.13 The representation of the petitioner was referred to the MOP&NG on 22.07.2005 for their comments on the points raised by the petitioner. However, the MOP&NG did not furnish any comments on the said representation. Subsequently a brief status of the case was received from the MOP&NG *vide* their communication dated 04.01.2006, which stated as under: —

“Representation dated 28th April, 2005 from Shri Chandra Shamsher Prasad Singh, Freedom Fighter, regarding illegal award of LPG distributorship under freedom fighter quota at Kahra, District-Saharsa (Bihar).

IOC has reported that LPG distributorship at Kahra, District-Saharsa (Bihar) was rostered under FF category in Marketing Plan 1999-2000. Interview for selection of LPG distributor were held on 07.10.2003 and Shri Chitra Narayan Sharma was placed 1st in the merit panel, Shri Raj Sah was placed 2nd and Shri Ayodhya Manda was 3rd in the merit panel.

Complaint dated 09.10.2003 from Shri Chandra Shamsher Prasad Singh was received by IOC’s Bihar State Office against selection of LPG distributor at Kahra, District – Saharsa (Bihar).

The complaint was investigated by Vigilance, Department of IOC and filed.

Incidentally 1st empanelled candidate Shri Chitra Narayan Sharma has expired. IOC is taking further necessary action as per laid down procedure.”

1.14 The Committee took oral evidence of the representatives of the MOP&NG on 05.01.2006. On being enquired about the case of the petitioner, the witness from IOCL responded as under: —

“This is regarding freedom fighter category distributorship. The petitioner actually has brought out the facts on the irregularities. Vigilance also went into this. Vigilance investigation has come. They have said that no irregularity has taken place. The decision came only on 30th December. In the meantime, the first empanelled candidate Shri Chitra Narain Sharma has expired. As a result of that, we will have to consider the second empanelled candidate who is actually Shri Raj Sah, and the third empanelled candidate Shri Ayodhya Manda.”

1.15 On being specifically asked as to whether the case also went before the Court, the witness replied as under: —

“It has not gone to Court. Only vigilance investigated into this.”

#### **Observations/Recommendations**

1.16 **The Committee note that the petitioner applied for award of LPG distributorship of IOCL for the location at Kahra, District Saharasa under “Freedom Fighter” category in response to an advertisement on 18.02.2002. The petitioner alleged that there were irregularities in the selection of LPG distributorship and that the selected candidates were not freedom fighters at all for being eligible for the LPG distributorship under the freedom fighter quota.**

1.17 **The Committee observe that the petitioner had raised the doubt/question about the candidature of the selected candidates as freedom fighters. Therefore, it**

**would be but appropriate that the Ministry of Home Affairs or the District Magistrate concerned be asked to confirm the status of the selected candidates as freedom fighters for award of distributorship under ‘Freedom Fighter’ category at Kahra. Accordingly, the Committee recommend that the matter may be pursued with them and settled at the earliest. The Committee would also like to be informed in the matter.**

### **III. Representation from Shri Alok Ranjan Singh**

1.18 In his representation, the petitioner stated that on the basis of advertisement dated 02.06.1998 and interview held on 02.12.2003, he was empanelled second for LPG distributorship by IOCL for location at Lalganj, Vaishali, Bihar Shri Neeraj Kumar was placed first in the merit panel. In this regard, the petitioner made a written complaint against the selection of Shri Neeraj Kumar and also alleged that Shri Neeraj Kumar is an employee of M/s Nishad Gas Service, Hajipur and was a proxy (Benami) candidate for M/s Nishad Gas Service. The petitioner, therefore, requested that action may be taken on his complaint and that he be appointed as LPG distributor at Lalganj.

1.19 The representation of the petitioner was referred to the MOP&NG on 22.07.2005 for comments on the points raised by him. However, the Committee did not receive any comments thereon from the Ministry.

1.20 Subsequently, the MOP&NG *vide* communication dated 04.01.2006 submitted a brief status note in the matter which may be stated as under:

“LPG distributorship at Lalganj, District-Vaishali (Bihar) was rostered under ‘Open’ category in Marketing Plan 1994-96. Interview for selection of LPG distributor were held on 01—03.12.2003 and Shri Neeraj Kumar was placed 1st in the merit panel, Shri Alok Ranjan Singh (the petitioner) was placed 2nd and Ms. Neetu Kumari was placed 3rd in the Merit panel.

The complaint was investigated by IOC’s Bihar State Office and it was found that the selection process had been vitiated as the selection committee has accepted the documents at the time of interview, on information not mentioned in the application form, and had awarded marks for the same. Accordingly, decision was taken by competent authority to scrap the merit panel and conduct fresh interviews of all the candidates who had appeared for the earlier interview earlier.

However, the 1st empanelled candidate has filed a writ petition No. CWJS 7462/2005 in the Hon’ble High Court of Patna in June 2005. Hence, no further progress has been made since the matter is *sub-judice*. Further action will be taken based on the decision of the Hon’ble High Court of Patna on the writ petition.”

1.21 The Committee took oral evidence of the representatives of the MOP&NG at their sitting held on 05.01.2006. On being enquired about the case of the petition, the witness stated:

“The petitioner has requested for any early decision on the complaint. In fact, again the matter has gone to Court. The matter is *sub-judice*. We are awaiting a decision.”

1.22 When the Committee asked the witness as to whether there was any observation, direction or order of the Court in the matter, the witness responded as under:

“It is pending for hearing. It is not admitted so far. We have filed our report.”

1.23 On being asked as to why the procedure was being kept withheld, if there were no stay or directions from the Court in the matter, the witness responded:

“We will again go for interview.”

In this regard, the witness also clarified that—

“.....There are two issues in that. One is the selection process. In fact, the DSC has accepted the documents at the time of interview which they should not have done. That is point number one. In the meantime, the first empanelled candidate has filed a writ petition in the Hon. High Court. He has already filed it and I do not know the state of it. It is not admitted, we will proceed further on this.”

1.24 On being enquired as to when the interview was conducted, the witness said:

“The interview was done between 1st and 3rd December, 2003. Merit panel was declared on 3rd December, 2003. The complaint was received on 15th December, 2003.”

1.25 The Committee asked the witness about the status of the investigation, if conducted. Responding to the query, the witness replied as under:

“Marks have been awarded on the basis of the documents which are submitted at the time of interview. The Committee has given some wrong marks also which are not applicable as per the norms. They have given some other marks. So, the entire process is vitiated.”

The witness also stated:

“The first three candidates we have revaluated based on documents. But there is no change in the panel. But since the committee has given the marks which are not as per the guidelines, this process is vitiated. So, the competent authority recommended for scapping of the panel.”

#### **Observations/Recommendations**

**1.26 The Committee note that the petitioner applied for LPG distributorship at location Lalganj, Bihar in response to an advertisement on 02.06.1998. He was interviewed on 02.12.2003 and was empanelled second for the award of LPG distributorship. The first empanelled candidate was Shri Neeraj Kumar. The petitioner alleged that there were irregularities in the selection of candidate and selected candidate was a benami candidate for M/s Nishad Gas Service and according to the petitioner, the selected candidate was an employee of M/s Nishad Gas Service. The complaint was investigated by IOCL and it was found that the selection was vitiated as the selection Committee had accepted the documents at the time of interview and awarded marks for the same which were not as per norms/guidelines. The competent**

**authority took a decision to scrap the merit panel and conduct fresh interviews of all the candidates who had appeared earlier for the interview. Meanwhile, the first empanelled candidate moved before the High Court of Patna in June, 2005. However, the Committee were informed that there were no observations, direction or order of the Court in the matter.**

**1.27 The Committee are anguished that the case was being kept pending since June, 2005 on the ostensible ground that the matter is *sub-judice* inspite of the fact that not only the Court did not issue any direction in the matter, but the case was still pending even for admission of the writ petition filed by the selected candidate. The Committee are, therefore, of the view that the case is being kept pending without any justifiable reasons. The Committee, therefore, recommend that the facts found on the basis of investigations be furnished to the Committee and IOCL should proceed with the process of selection on the basis of proposed re-interview expeditiously without further delay for award of LPG distributorship at Lalganj.**

#### **IV. Representation from Shri Rakesh Kumar Singh**

1.28 In his representation, the petitioner stated that one petrol pump was allotted to Shri Saroj Kumar through tender by IOCL in Village Phulwaria, District Gopalganj, Bihar in 2002. He was also issued LOI for the allotted petrol pump on 16.05.2002. However, in the meantime opening of petrol pump was restricted due to case filed before High Court. When the said restriction was removed by the Court, two petrol pumps had already been opened at that place and nearby by IBP and other companies. Thereafter IOCL forwarded the representation to the Ministry for according approval to transfer allotted petrol pump from Village Phulwaria to Village Rampur on NH-28. However, the local office of the Petroleum Ministry returned the representation for one reason or the other. The IOCL had again forwarded another representation to the Ministry of Petroleum, Government of India on which their approval is still awaited. The petitioner, therefore, requested that the permission may be granted to open the outlet immediately.

1.29 The representation was referred to the MOP&NG on 13.09.2005 for their comments on the points raised by the petitioner. In their response, the MOP&NG *vide* their communication dated 29.09.2005 communicated as follows:

“This reference pertains to the selection of 1993-96 Marketing Plan Retail Outlet Dealership under open category at Phulwaria, Distt. Gopalganj, Bihar State. Shri Saroj Kumar is the Dealer – Select and Letter of Intent was issued on 16.05.2002.

The land offered by the LOI holder was rejected since it was not meeting the norms as given in the advertisement.

In the meanwhile Hon’ble Supreme Court of India acting on Public interest litigation as per the Press reports, has directed the Union Government to cancel all the Licences of the Petrol Pumps, LPG Distributorships and Kerosene Agencies allotted in a particular period.

Accordingly MOP&NG has communicated a policy decision *vide* letter No. P-19011-14/2002-IOC dated 9.8.2002 in the public interest, cancelling all the



allotments, of Petrol Pumps, LPG Distributorships and Kerosene agencies made under the recommendation of Dealer Selection Boards all over the country since 01.01.2000 forthwith, excepting those made under the Operation Vijay Scheme.

The subject location, Phulwaria referred by the Hon'ble MP (LS), also came under the above directive and hence the LOI issued to Mr. Saroj Kumar was withdrawn on 14.8.2002.

Subsequently, Hon'ble Supreme Court of India *vide* Judgment dated 20.12.2002 quashed the above referred order of Govt. of India, MOP&NG.

Accordingly the LOI holder was asked to proceed with the proposed Dealership. But the LOI holder made a request for change of location citing that M/s IBP has already put up an RO in that location and hence there is no further viability for a new RO.

Based on the request of LOI holder and prevailing situation at Phulwaria the feasibility study was conducted for an alternative location between Badheya More and Barahima Bazar on NH-28, District Gopalganj, and found it feasible. There are two ROs' of M/s BPCL each at 4 kms' distance one towards Muzaffarpur and the other towards Gopalganj in the proposed location.

As per the existing policy guidelines change of location at LOI stage was not permitted and hence the matter was referred to MOP&NG for approval.....”

1.30 In their brief status note, the MOP&NG *vide* their communication dated 04.01.2006 stated as under:—

“This case pertains to the selection of 1993-96 Marketing Plan Retail Outlet Dealership under ‘Open’ category at Phulwaria, Dist. Gopalganj, Bihar. Shri Saroj Kumar is the Dealer – Select and Letter of Intent (LOI) was issued to him on 16.5.2002.

The land offered by the LOI holder was rejected since it was not meeting the norms as given in the advertisement.

In the meanwhile a controversy arose in the media (The Indian Express), in July-August, 2002 over certain selections of dealers/distributors of petroleum products made by the Dealer Selection Boards (DSBs) from January, 2000 onwards. This was also agitated in the Parliament in its Monsoon Session that year. The matter was reviewed by the Government and, on 9.8.2002, Government cancelled all allotments of retail outlet dealerships, LPG distributorships and SKO-LDO dealerships made on the basis of selections by the DSBs from January, 2000 onwards. Subsequently, based on litigations from the affected parties, the Supreme Court in its judgement dated 20.12.2002 quashed the Government's cancellation order dated 9.8.2002 except in respect of cases which were reported in the media. Subsequent to this judgement, Government advised the oil marketing companies (OMCs) to take further action in respect of selections made by DSBs, except in the cases highlighted in the media which were referred to a two-judge Committee appointed by the Supreme Court for examination.

Since the RO at Phulwaria, also came under the purview of the said cancellation order, dated 9.8.2002 of the Government, LOI issued to Shri Saroj Kumar was withdrawn by the company on 14.8.2002. Further, after quashing of that order by the Supreme Court on 20.12.2002, the LOI issued to Shri Saroj Kumar was restored on 28.1.2003 and he was asked to proceed with the proposed dealership. But he made a request on 24.2.2003 for change of location on the ground that M/s IBP Co. Limited (IBP) had already put up a retail outlet at that location and hence there was no further viability for a new RO.

It may be mentioned that in Phulwaria trading area, IBP had opened their COCO RO at Maripur on 10.12.2002 (average combined monthly sale is 60 KL) and M/s Bharat Petroleum Corporation Limited (BPCL) opened an RO at Bathua Bazar on 20.9.2003 (average combined monthly sale is 107 KL).

On the request of the LOI-holder and prevailing market situation at Phulwaria, the feasibility study was conducted for an alternate location between Badheya More and Barahima Bazar on NH-28, District Gopalganj and it was found feasible even after taking into consideration, the sales of the two ROs of M/s. BPCL which are at 4 Kms' distance each, one towards Muzzafarpur and the other towards Gopalganj to the proposed location.

Since the policy guidelines in vogue at the time did not have any provision for change of location at LOI stage, IOC referred the matter to Ministry of Petroleum & Natural Gas (MOP&NG) for approval."

1.31 In response to a question as to what action was taken on the representatin from IOCL, Patna and the matter, the MOP&NG in their written reply *vide* communication dated 04.01.2006 stated as under: —

"Indian Oil Corporation Limited (IOC), Mumbai, *vide* their letter dated 6.4.2005 informed MOP&NG that based on the request of the LOI-holder, feasibility study was conducted by their Bihar State Office for an alternative location (between Badheya More and Barahima Bazar), Distt. Gopalganj and that it was found feasible. IOC proposed to this Ministry to favourably consider change of location from Phulwaria.

It may be mentioned that in the meantime, framing of revised guidelines on resitement of dealerships/distributorships was under consideration of the Oil Marketing Companies (OMCs).

In connection with the processing of IOC's letter dated 6.4.2005, mentioned above, certain information/clarifications were called for by MOP&NG on 17.6.2005. IOC's reply was received on 30.8.2005 and further information received on 6.9.2005. After processing IOC's reply, further clarifications were sought from the company on 7.10.2005. These were received on 17.11.2005.

In the meantime, after review of the existing guidelines on some marketing issues, including resitement of dealerships and in consultation with OMCs, MOP&NG issued broad guidelines to the OMCs on 17.11.2005 with the request that OMCs may frame their detailed gudielines on this basis.

After consideration of the proposal contained in IOCs aforesaid letter dated 6.4.2005 and subsequent clarifications received from them, it has been observed that the first-empaneled candidate had not offered land within the advertised location on the date of field investigation on 24.4.2002. Therefore, the LOI should not have been issued to him on 16.5.002. Even when LOI was issued to him, he could not offer land within the advertised location within the stipulated time limit of 2 months, *i.e.* by 16.7.2002. The delay, on the part of IOC, in withdrawing the LOI on 16.7.2002 led to unreasonable demand of the dealer-select, for resitement at LOI stage, which should not have been entertained by IOC.

IOC has been advised to take appropriate action in the matter as per the guidelines to be framed by IOC in pursuant to MOP&NG's broad guidelines dated 17.11.2005, regarding resitement of dealerships/distributorships.

1.32 Responding to another question as to whether the IBP and other companies had opened their petrol pumps at village Phulwaria and if so, what was the difficulties if another outlet was opened by IOCL, the MOP&NG commented as under:—

“Yes in Phulwaria trading area, M/s IBP Co. Limited has opened their COCO RO at Maripur on 10.12.2002 (average combined monthly sale is 60 KL) and M/s Barat Petroleum Corporation Limited opened an RO at Bathua Bazar on 20.9.2003 (average combined monthly sale is 107 KL). On the request of the LOI-holder, IOC proposed for change of location to a more feasible location, as Phulwaria was not commercially viable.”

1.33 The Committee took oral evidence of the representatives of the MOP&NG on 05.01.2006 but the issue under examination could not be taken for discussion.

#### **Observations/Recommendations**

**1.34 The Committee note that one petrol pump was allotted to Shri Saroj Kumar by IOCL in Village Phulwaria, district Gopalganj, Bihar in 2002. He was also issued LOI for the same on 16.5.2002. In the meantime, a controversy arose in the media, in July-August, 2002 over irregularities in selection of dealers/distributors of petroleum products by the Dealer Selection Board (DSBs) from January, 2000 onwards. The matter was reviewed by the Government and on 09.08.2002, the Government cancelled all allotments of retail outlet dealerships, LPG distributorships and SKO-LDO dealerships made on the basis of selection by the DSBs from January, 2000 onwards. Subsequently based on litigations from the affected parties, the Supreme Court in its judgement dated 20.12.2002 quashed the Government's cancellation order dated 09.08.2002 except in respect of cases which were reported in the media. Subsequent to this judgement, the Government advised the Oil Marketing Companies (OMCs) to take further action in respect of selection made by DSBs except in the cases highlighted in the media which was referred to a two-judge committee appointed by the Supreme Court for examination. Since the RO at Phulwaria, also came under the purview of the said cancellation order dated 09.08.2002 of the Government, LOI issued to Shri Saroj Kumar was withdrawn by the company on 14.08.2002. Further, in pursuance to the order by the Supreme Court on 20.12.2002, LOI issued to Shri Saroj Kumar was restored on 28.01.2003 and he was asked to proceed with the proposed dealership.**

**1.35** The Committee further note that the petitioner made a request on 24.02.2003 for change of location on the ground that M/s IBP and other companies had already set up retail outlets at that location and hence there was no further viability for a new RO. Since the policy guidelines in vogue at that time did not have any provision for change of location at LOI stage, IOCL referred the matter to the MOP&NG according to their approval. It was observed by the MOP&NG that the first empanelled candidate had not offered land within the advertised location on the date of field investigation on 24.4.2002. Therefore, according to the MOP&NG, the LOI should not have been issued to him on 16.05.2002. Even when LOI was issued to him, he could not offer land within the advertised location within the stipulated time limit of two months i.e. by 16.07.2002. The delay, on the part of IOCL, in withdrawing the LOI on 16.07.2002 led to unreasonable demand of the dealer-select, for resitement at LOI stage, which should not have been entertained by IOCL. The MOP&NG had advised IOCL to take appropriate action in the matter as per the guidelines to be framed by IOCL pursuant to the MOP&NG's broad guidelines dated 17.11.2005, regarding resitement of dealerships/distributorships.

**1.36** The Committee observe that the dealer-select failed to offer land within the advertised location either on the date of field investigation or within the stipulated time limit of two months after issuance of LOI to him. In such circumstances, the LOI issued to the dealer-select should have been withdrawn immediately in accordance with the norms/guidelines prevalent during that period. Further, the guidelines/norms in vogue at that time did not have any provision for change of location and therefore, the demand of the dealer-select for resitement should not have been entertained by IOCL. The Committee, therefore, do not wish to pursue the matter further. However, the Committee would like that action taken in the matter by IOCL may be informed to Committee.

## CHAPTER II

### REPRESENTATION REGARDING UTILIZATION OF NAPHTHA BY SETTING UP PETROCHEMICAL BASED PLANT IN THE BARAUNI REFINERY OF INDIAN OIL CORPORATION LIMITED UNDER BIHAR REGION

2.1 Shri Ajit Kumar Singh, MP forwarded a representation signed by Shri Pramod Sharma, Ex-MLA, Sarvodaya Nagar, Begusarai, Bihar regarding utilization of Naptha by setting up of petrochemical based plant in the Barauni Refinery of Indian Oil Corporation Limited (IOCL).

2.2 In the representation, the petitioner *inter-alia* stated that there is one very old and established refinery of IOCL at Barauni in Begusarai district of Bihar. He further stated that Naptha is extracted as a residual matter in adequate quantity during the refining of oil in Barauni Refinery. But there is no such plant installed in the Barauni refinery for utilisation of Naptha, therefore, it is transported outside and as a result thereof heavy amount of revenue is lost. The petitioner also added that production cost of the products being manufactured also increases. According to him, if Naptha is utilised in the Barauni refinery itself, the loss incurred by the refinery could be contained and production cost of the products being manufactured from Naptha could also be reduced. If petrochemical based plant for the utilisation of Naptha is installed in the Barauni Refinery itself, there would be no need to send the Naptha produced in Barauni refinery to outside places and the same could be used in the Barauni itself thereby saving revenue of IOCL.

The petitioner, therefore, requested that a petrochemical based plant in Barauni Refinery may be installed so that the residual Naptha coming out from the refinery be utilised in Barauni refinery itself and the revenue in transporting the Naptha outside the refinery could be saved.

2.3 The representation was forwarded to the MOP&NG on 16th March, 2006 for furnishing their comments on the points raised therein.

2.4 In response, thereof, the MOP&NG *vide* their communication dated 27th March, 2006 furnished the following comments:—

“Naptha produced from Barauni Refinery is used for production of 600 Thousand Metric Tonnes Per Annum (TMTPA) of Motor Spirit (MS) presently, which is fed to Bihar and adjoining States to meet the MS demand. Balance Naptha of about 180-200 TMTPA is supplied to IFFCO Phulpur and DIL Panki to meet the fertilizer industries demand, which is also a core sector for Indian economy. Even if the available surplus Naptha is not supplied to the fertilizer plants, it is not economically viable to install petrochemical plant due to economy of scale in view of limited feedstock availability.”

2.5 After perusal of the comments, the Committee took oral evidence of the representatives of the MOP&NG on 18th April, 2006.

2.6 During the evidence, the Committee desired to know about the capacity of Barauni Refinery and utilisation of Naptha in the Refinery. Replying to this witness, the Chairman and Managing Director of IOCL stated as under: —

“The installed capacity of Barauni refinery is six million tonnes per annum. You would kindly recall that in the last meeting I had said that Barauni Refinery historically was processing less than about three million tonnes. With the help of the Government, the Indian Oil laid crude oil pipeline from Haldia to Barauni. We have supplemented Assam crude which was very restricted. Now, in fact it is at zero level. The entire Barauni Refinery which was designed for processing Assam Crude is now processing imported crude from Haldia. It is running its installed capacity at six. It is nearing six; it may be about 90 to 92 per cent but it is running at near full capacity. Let me assure you that as far as Naptha is concerned, about 6,00,000 tonnes of Naptha which is produced, most of it is blended for production of motor gas, motor spirit which is petrol. Sir, about 15 to 18 thousand tonnes is basically going into two fertilizer plants, namely, IFFCO Phulpur and Panki in western Uttar Pradesh. The reason for Barauni Refinery’s capacity is not naptha at all. We can produce more Naptha. There are fertilizer units, NTPC is also prepared to take in UP. The reason is that it is an inland refinery and its capacity is six. In fact Barauni product moves right up to Allahabad and Kanpur through the Barauni–Kanpur pipeline after saturating the requirement at Patna and then at Mughal Sarai. It is not that at all. Barauni Refinery will run up to sixty. I can also tell you in the same breath that amongst all the refineries, Barauni Refinery is the least profitable Refinery for the Indian Oil mainly because the positioning of crude oil is the most expensive. Anything that we do to increase the capacity and sell beyond its economic zone will not be worthwhile. Barauni is running well. If we can reach it at six itself, it is a good thing, and we will be meeting the requirements of north Bihar.”

The witness also added: —

“The constraint is not absorption of Naptha. If we produce more, it will be absorption of other products including diesel.”

2.7 On being pointed out that the petrochemical unit is the long term demand of Barauni, the witness responded as under: —

“Now we are coming to petrochemicals. As the Secretary just mentioned, a petrochemical unit can be aromatics which means benzene, toluene or polyester fibre or it may be a Naptha cracker ethylene, propylene based. For an economic size of naptha cracker, we need about 2.3 million tonnes of Naptha. For an economic size of an aromatic plant, which is benzene, toluene and polyester, we need about 500 to 600. If we work backwards, the first charge of Naptha is blending for gasoline because we need motor spirit for our transportation fuel. The quantity that is available is 150 thousand and 180 thousand which is 30 or 20 per cent of an economic size.

Firstly, there is no feedstock of Naptha available to make an economic size of the plant. In fact, we have to congregate the entire Naptha pool at Panipat where the demand is and move Naptha from places like Gujarat and Mathura to make an economic size of a cracker plant. So, Barauni's turn may come eventually at a much later day. Firstly there must be a demand and secondly there must be a feedstock. Today we are struggling to reach six million tonnes at Barauni to absorb products there at not very profitable refinery margins compared to other refineries. North East, for instance, we have 50 per cent excise relief. So, our gross refining margin is much higher. The cost of processing crude at Barauni is the highest. So, these are some of the issues. As I said, Barauni is running at near full capacity. It was designed at six million tonnes and it never did six million tonnes.

Sir, Barauni-Kanpur pipeline operates at less than 2.1 or 2.2. So, how do we evacuate the product? From where does it go? It cannot go to the East. We are back freighting. It cannot go up North because Mathura is there, and Panipat is getting expanded. It can only meet its requirements of Bihar, partly Nepal and Eastern U.P. which it is doing. So, today we are happy that Barauni is doing well. In the long-term we will see and we have an open mind. But for Naptha cracker plant, today we are executing a project at Panipat with the feedstock of Naptha from other locations."

2.8 Supplementing the point, the witness, the Secretary, MOP&NG submitted as under: —

"The minimum economic size for an Ethylene plant today is about eight hundred thousand tonnes, and even this is under review by the globally technologically competent company like UOP who are in the process of revising it to 1.25 million tonnes of Ethylene. But take the present minimum economic rate. It is eight lakh tonnes of Ethylene. To produce this capacity, you need a Naptha stock of 2.25 million tonnes per annum. Now, assuming that Barauni operates at 100 per cent capacity at six million tonnes. Naptha production roughly in a refinery today, as per the configuration, is 11 per cent. You get only 6,60,000 tonnes which is hardly 30 per cent of what is required to produce a minimum economic size of Ethylene plant. That is the position today. In fact, Mathura and Panipat are expanding to much bigger capacities. They are pooling together the Naptha from adjoining refineries to set up a cracker plant. Even its viability, I think, will be proved only over time. That is the position today. There is no possibility of a viable petrochemical plant given the present capacity of Barauni even if it were to operate at 150 per cent of the designed capacity. That is the position."

2.9 To a query about increasing the capacity of Barauni Refinery, the witness, the Secretary, MOP&NG replied as under: —

"Sir, a petrochemical plant is purely a technical and economic subject. We are officers. We will not introduce any other element other than economics and technicality into this. It is for the Government to finally decide. If the Government finally takes a conscious decision as the majority owners of most of oil companies,

then the oil companies will get the subject considered in their Board, and in case they get adequate lending from the banks and FIs they will implement it. Otherwise, given today's capacity of Barauni Refinery, there is no possibility. That is number one. Secondly, regarding Inland refineries, each State has its own aspirations. In fact, each State wants a refinery today. Once you locate a refinery in various States, you cannot go on expanding. In fact, economically it is advantageous to expand coast-based refineries so that at least you could exploit the export potential. In inland refinery, that potential is not very high. That is the correct position.

You are aware that in Assam we have four refineries; in Bihar we have one; in UP we have two refineries; Rajasthan has already asked for one refinery. In Madhya Pradesh, BPCL is in the process of setting up one refinery. In Uttar Pradesh, there is a demand for another refinery. In Tamil Nadu, there is one refinery. In Andhra Pradesh, there is already one refinery, and two more refineries are being asked for. Each State is asking for a refinery. So, this being the case, it is rather difficult. Now, the Government, the Ministry of Chemicals and Petrochemicals is in the process of identifying different regions in the country for setting up Petrochemical Project Investment Regions, they are called PCPIR. I think, if the Committee could make a recommendation to this effect, certainly, I think, we will be very glad to forward it to the Department of petrochemicals so that a whole package could be worked out for examining the possibility of setting up a Petrochemical Investment Region at Barauni also. Definitely it would be considered."

2.10 In this context, the witness from IOCL further added: —

"Sir, a Naptha cracker and petrochemical plant would cost anything over Rs. 10,000 crore today. The Government can decide. We have independent Directors. In the Board, it goes through a very detailed scrutiny. As the Secretary has said, we must find bankers to support this. Unless there is a minimum ideal rate of 14 to 16 per cent, nobody will do this project. We are talking about investment of Rs. 10,000 crore with Naptha. Without Naptha you must have a gas cracker. We do not have gas. These are not small investments. Naptha cracker is like putting two refineries."

2.11 When the Committee asked as to whether a small sized plant can be started, the witness, from IOCL stated as under: —

"Then, it is not an economic size and we cannot compete. Economy of scale is important. It is like saying, "Can we put a three million tonnes refinery?" We cannot. How are we going to compete globally? So, petrochemical products are free products and imports are also coming. Then, the entire company will collapse. We will not be able to do such investment unless it meets the due rates of return and it must cross our minimum yardstick."

The Secretary, MOP&NG also added as under: —

"That is why, Sir, I said very clearly, the Government as the owner, even if they consider this proposal, the Board has to consider it, and they have to find



lenders. These are not very easy decisions. As I mentioned, we can definitely furnish to the Committee all the points in this regard. Based on that, the Committee if it choose it can make a recommendation. Definitely we will forward it to the Department of Chemicals and Petrochemicals which is in the process of selecting the Petrochemical Project Investment Regions in the country. Let them shortlist it. Then, I think, the chances may improve.”

#### **Observations/Recommendations**

**2.12 The Committee note that there is one very old and established refinery of IOCL at Barauni in Begusarai district of Bihar. The petitioner stated that Naptha as a residual matter is extracted in adequate quantity during the refining of oil in Barauni refinery but the same is not utilized in Barauni Refinery itself and is transported outside for its utilisation. As a result thereof, there is a heavy loss of revenue to the company. According to the petitioner if Naptha is utilised in the Barauni Refinery itself, the loss incurred by the refinery could be contained and production cost of the products being manufactured from Naptha could also be reduced. The petitioner, therefore, requested that a petrochemical based plant in Barauni Refinery may be installed for utilisation of residual Naptha produced by the refinery for manufacturing products and thereby saving revenue in transportation of Naptha outside the refinery.**

**2.13 The Committee observed that the Naptha produced from Barauni Refinery is used for production of 600 Thousand Metric Tonnes Per Annum (TMTPA) of Motor Spirit (MS) presently which is fed to Bihar and adjoining States to meet the MS demand. Balance Naptha of about 180-200 TMTPA is supplied to IFFCO, Phulpur and DIL Panki in Western Uttar Pradesh to meet the fertilizer industries demand, which is also a core sector of Indian economy. Even if the available surplus Naptha is not supplied to the fertilizer plants, it would not be economically viable to instal petrochemical plant. During the evidence, the Committee were also informed that amongst all the refineries Barauni Refinery is the least profitable refinery for the company. As regards the demand for setting up of petrochemical unit at Barauni, the Committee were informed that a petrochemical unit can be aromatics which means benzene, toluene or polyster fiber or it may be a Naptha cracker ethylene, propylene based. The minimum economic size for an ethylene plant is about 8,00,000 tonnes of ethylene and even this is under review by the globally technologically competent company like UOP who are in the process of revising it to 1.25 million tonnes of ethylene. According to the witness, even if the present minimum economic size of the plant is taken, a Naptha stock of 2.25 million tones per annum would be required to produce 8,00,000 tonnes of ethylene. As per the configuration, Naptha production from the Barauni Refinery is roughly 11 per cent and assuming that Barauni operates at 100 per cent capacity at six million tonnes, only 6,60,000 tonnes of ethylene will be produced which is hardly 30 per cent of what is required to instal a minimum economic size of ethylene plant. Thus, according to the Ministry there is no possibility of a viable petrochemical plant given the present capacity of Barauni even if it were to operate at 150 per cent of the designed capacity. It was also informed that the cost of processing crude at Barauni is the highest and is running at near full capacity. If the**

Government takes a conscious decision to increase the capacity of Barauni Refinery, then the subject matter could be considered by the oil companies in that Board and will implement the decision provided they get adequate lending from banks and financial institutions. Economically, it would be advantageous to expand coast based refineries so that export potential could be exploited as for inland refinery, the potential is not very high. However, the Secretary MOP&NG stated “...now the Government, the Ministry of Chemicals and Petrochemicals is in the process of identifying different regions in the country for setting up Petrochemical Project Investment Regions, they are called PCPIR. I think, we will be very glad to forward it to the Department of Petrochemicals so that a whole package could be worked out for setting up a Petrochemical Investment Region at Barauni also. Definitely it would be considered.” In this context, the witness also stated that a Naptha Cracker and Petrochemical Plant would cost anything over Rs.10000 crore. It is not possible to set up a small sized plant as the same would not be an economic size and competible. Therefore such investment could not be made unless it gives due rates of return and crosses minimum yard stick.

2.14 Keeping all the aspect in view, the Committee observe that possibilities could be explored to set up Naptha based petrochemicals plant at Barauni so that naptha extracted as a residual matter from the refinery could be utilised profitably. For an economic size of a naptha plant, about 800000 tonnes of Naptha is required and the quantity of naptha that is produced as an extract from Barauni Refinery is about 6,60,000 tonnes at its optimum capacity. The Committee feel that the shortage against the requirement of naptha for an economic size of a plant works out barely 15 per cent for which economic means could be worked out to get the requisite quantity of Naptha for the purpose. Since identification of different regions in the country for setting up of PCPIR is already under process, the Committee recommend that possibility of setting up a naptha based project at Barauni may also be actively explored. The Committee also express the hope that the Government will take necessary steps in this regard expeditiously.

NEW DELHI;  
22 August, 2006  
31 Sravana, 1928 (Saka)

PRABHUNATH SINGH,  
Chairman,  
Committee on Petitions.

MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE ON PETITIONS  
(FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Thursday, 25th November, 2004 from 1400 hrs. to 1550 hrs. in Committee Room No. 53, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Shri N.S.V. Chitthan
3. Dr. M. Jagannath
4. Shri Suresh Kurup
5. Mohd. Muqueem
6. Shri Jyotiraditya Madhavrao Scindia
7. Shri Vijay Krishna

SECRETARIAT

1. Shri R.C. Ahuja — *Joint Secretary*
2. Shri Brahm Dutt — *Director*
3. Shri R.K. Bajaj — *Under Secretary*

WITNESSES

*Representatives of the Ministry of Petroleum & Natural Gas*

1. Shri S.C. Tripathi — Secretary
2. Shri M.S. Srinivasan — Additional Secretary
3. Shri Prabh Das — Joint Secretary
4. Shri Avinash Srivastava — Joint Secretary
5. Shri P.K. Sinha — Joint Secretary & Financial Advisor
6. Shri Vijayaraghawan — Director, Petroleum Planning & Analysis Cell
7. Shri Tarun Shridhar — Director
8. Shri Pramod Nangia — Director

*Representatives of Oil Sector PSUs*

1.	Shri M.S. Ramanandan	—	Chairman, I.O.C.
2.	Shri S. Radhakrishnan	—	Director (M), B.P.C.L.
3.	Dr. N.G. Kannan	—	Director (M), I.O.C. & Managing Director - I.B.P.
4.	Shri S. Roy Choudhury	—	Director (Marketing), HPCL
5.	Shri S.P. Chaudhury	—	Executive Director (Retail), HPCL
6.	Shri Pallav Ghosh	—	General Manager - (Retail), BPCL
7.	Shri I. Srinivas Rao	—	Deputy General Manager (LPG) Sales, BPCL
8.	Shri A.C. Kelkar	—	Executive Director (LPG) Sales, IOC
9.	Shri B.B. Vohra	—	Executive Director (LPG) Marketing, IBP
10.	Shri S.K. Diwan	—	Deputy General Manager (Retail) Sales, IOC
11.	Shri S. Muttoo	—	Deputy General Manager (Co-ordination), IOC
12.	Shri Anup Kakkar	—	Deputy General Manager, Marketing - (Co-ordination), IBP
13.	Shri K. Rajeshwara Rao	—	Joint Director, PPAC

2. At the outset, the Chairman welcomed the representatives of the Ministry of Petroleum and Natural Gas and the Oil Companies and drew their attention to Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Chairman also expressed the Committee's concern over the absence of CMDs of BPCL and HPCL and not intimating the Committee about the reasons for their absence in advance. He also instructed Secretary, Ministry of Petroleum and Natural Gas to be more careful in such cases in future and that the Committee should be invariably informed about such matters.

3. Thereafter, the Chairman and Members of the Committee sought clarifications on the representations regarding (i) irregularities committed in awarding oil distributorships; and (ii) sale of adulterated oil.

4. The following important points were discussed by the Committee:—

- (i) the existing policy of the Government for awarding of petrol pumps/oil distributorships, etc.;
- (ii) the revision in the guidelines after taking up the matter by the Supreme Court and the Committee appointed by the Supreme Court to look into certain specific cases;
- (iii) the requirements/qualifications for selection of candidates for oil distributorship, etc.;

- (iv) the machinery/set up in the Ministry to look into the grievances/complaints in regard to award of dealerships;
- (v) action taken on *malafide*/irregularities on the part of officers of oil companies;
- (vi) the role of Anti-adulteration Cell;
- (vii) specific complaints made by Shri D.P. Yadav, M.P. and others;
- (viii) the complaints of Ms. Meena Kumari and Ms. Nisha Singh regarding their non-selection for dealerships;
- (ix) complaints regarding oil companies preferring old dealers in awarding more dealerships;
- (x) system in the Ministry for preventing adulteration;
- (xi) role of State Governments in monitoring sale of petroleum products etc.;
- (xii) powers of State Governments/Consumer Fora to examine complaints of the consumers about adulteration;
- (xiii) specific efforts by Ministry/PSUs to check adulteration in rural areas;
- (xiv) penalties etc. against dealers found guilty of adulteration and steps taken by Ministry/PSUs to educate consumers;
- (xv) meeting with the Chief Secretaries of State Governments to work out a mechanism to check the sale of adulterated petroleum products;
- (xvi) need of Coordination among Petroleum Ministry, Oil Companies and State Governments; and
- (xvii) revision of criteria for selection of members of Boards.

5. The Committee directed the witnesses to send written replies to some of the points on which replies were not readily available with them during the evidence.

6. A copy of the verbatim proceedings of the sitting of the Committee was kept on record.

*The witnesses then withdrew.*

*The Committee then adjourned.*

MINUTES OF THE TWENTY-SEVENTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Thursday, 5th January, 2006 from 1400 hrs. to 1645 hrs. in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Shri Nandkumar Singh Chauhan
3. Shri N.S.V. Chitthan
4. Shri Baliram Kashyap
5. Shri Suresh Kurup
6. Smt. Nivedita Mane
7. Mohd. Muqueem
8. Shri Dharmendra Pradhan

SECRETARIAT

1. Shri P. Sreedharan — *Joint Secretary*
2. Shri A.K. Singh — *Director*
3. Shri U.B.S. Negi — *Under Secretary*

WITNESSES

*Representatives of the Ministry of Petroleum & Natural Gas*

1. Shri M.S. Srinivasan — Secretary
2. Shri Ajay Tyagi — Joint Secretary
3. Shri Pramod Nangia — Director
4. Shri V.K. Dewangan — Deputy Secretary
5. Dr. N.G. Kannan — Director (Marketing)
6. Shri A.M.K. Sinha — GM (AS)  
Indian Oil Corporation Ltd.

*Bharat Petroleum Corporation Ltd.*

- |    |                          |   |                             |
|----|--------------------------|---|-----------------------------|
| 1. | Shri S. Roychowdhury     | — | Director (Marketing)        |
| 2. | Shri S. Radhakrishnan    | — | Director, (Marketing)       |
| 3. | Shri Sanjay Krishnamurti | — | Executive Director (Retail) |

2. At the outset, the Chairman welcome the representatives of the Ministry of Petroleum & Natural Gas and drew their attention to Direction 55 (1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 with reference to their letter addressed to the Secretary-General which contains certain suggestions relating to the Committee.

3. Thereafter, the Committee took oral evidence of the representatives of the Ministry of Petroleum & Natural Gas on 26 representations regarding selection of petrol/diesel dealership/distributorships, transfer of customers between LPG Agencies, adulteration in petrol and diesel etc. including on some of the items which were discussed earlier. The witness apprised the Committee on the follow-up action initiated by the Companies on their Officers based on some of the infirmities and defects noticed by them and the need for transparent and objective guidelines/parameters regarding selection for dealerships and distributorships. It was also informed that the Ministry had also constituted a Committee to go into the complaints against selection of dealers, awards of tenders and cases involving adulteration etc. Thereafter, the Committee discussed all the cases one by one in order to arrive at a decision. In the process, the following issues/points were discussed:—

- (i) Location of Retail Outlets or LPG distributorships on commercial considerations including potential of retail outlets at Jalalpur.
- (ii) Irregularities in the selection of dealerships/distributorships by the oil companies and the action taken/being against officers concerned.
- (iii) Guidelines awarding marks at the time of holding interviews for selection of dealerships.
- (iv) Mechanism to check adulteration in oil/diesel.
- (v) Need for formulation of guidelines by the oil companies relating to transfer of customers/connections from one Agency to another Agency for the convenience of the people.

4. After due deliberation on the issues/points in the representations, the Committee decided as follows:—

- (i) that Shri Neeraj Kumar Singh who was No. 1 after investigation/re-examination of the case, be appointed as IOC dealer at Supaul within 30 days subject to decision of the Hon'ble Court and the Committee be apprised of the action taken in that regard.

- (ii) that LOI be issued to Smt. Rambha Sinha for allotment of LPG distributorship at Basantpur, Distt Siwan, Bihar on the basis of FIR within 30 days and the action be taken against the officer concerned for his *malafide* intention and harrasment of the selected candidate and the Committee be apprised of the action taken in that regard.
- (iii) that Smt. Nisha Singh's case be closed in view of the report that outlet is being commissioned and none of the allegations made by her were substantiated.
- (iv) that LOI be issued to Shri Ajay Kumar Singh for allotment of SKO-LDO Agency at Jalalpur, Distt. Saran, Bihar within 30 days and the action be taken against the officer responsible in the matter for inordinate delay in issuing LOI and the Committee be apprised of the action taken in that regard.
- (v) that LOI be issued to Shri Subhash Singh for operating SKO-LDO agency at Dharaunda, Distt. Siwan, Bihar within 30 days and the action be taken against the officer responsible in the matter for inordinate delay in issuing LOI.
- (vi) that allegation of irregularities made by Shri Tarkeshwar Singh in the selection of RO dealership to fleet operators at Maghar in Distt. Saran, Bihar be investigated by a senior officer of the company.
- (vii) that complaint from Shri Kamlesh Kumar Singh against Shri Shashi Shekhar Singh, Ist empanelled candidate alleging for production of forged residential proof for award of RO dealership under the Kisan Sewa Kendra Scheme at Phelpura, Distt. Siwan, Bihar be investigated and the matter be settled. A report in that regard be expedited to the Committee.
- (viii) that case of Smt. Sharda Rani Singh be dropped in view of the fact that the vigilance investigation did not bring out any fact.
- (ix) that case of Smt. Manju Devi be dropped but full facts of the case be sent to the Committee.
- (x) that Ministry of Home Affairs or the District Magistrate be asked to confirm as to whether all the three selected candidates were freedom fighters for award of LPG distributorship against Freedom Fighter Category at Kahra, Distt. Saharsa, Bihar.
- (xi) that case of Shri Alok Ranjan Singh regarding award of LPG Distributorship at Lalganj, Vaishali, Bihar be kept pending and the facts found on the basis of investigation be sent to the Committee.
- (xii) that case of Smt. Promila Singh, Proprietor M/s. Bright Gas agency (IOC), Kolkata be dropped. However, action be taken as per rules of the company and the Committee be apprised of the action taken in that regard.
- (xiii) that issues relating to transfer of customers/connections from one Agency to another Agency as raised by Smt. Asha Kumari, Shri Anil Kumar Singh, Shri Rana Pratap Singh and Smt. Urmila Devi be settled at local level without delay.



5. The Committee also decided that the issues pertaining to adulteration of oil, dealer's commission would be taken up and discussed alongwith the officers from the State Government at their next sitting.

6. As regards the cases of Shri Awadha Bihari Singh and Shyam Bihari Singh regarding employment of their sons, the Committee were informed that their land was being used for some community development programme and as such their names did not appear in the list of land losers for Bottling Plant at Gidha. So far as the petition of Shri Rajiv Kumar Singh was concerned, it was informed that the problem had since been sorted out. He had been given supplies in line with the average and that new connections had also been released.

7. The Committee directed the witness to send the replies on points which were not supplied or readily available with them during the course of evidence.

8. A copy of the verbatim proceedings of the sitting of the Committee was kept on record.

*The witnesses then withdrew.*

*The Committee then adjourned.*

MINUTES OF THE THIRTY-SIXTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, 18th April, 2006 from 1400 hrs. to  
1700 hrs. in Committee Room No. 53, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Shri Nandkumar Singh Chauhan
3. Shrimati Nivedita Mane
4. Adv. Suresh Kurup
5. Shri Baliram Kashyap
6. Shri Raj Babbar
7. Shri Vijoy Krishna
8. Mohd. Muqueem

SECRETARIAT

1. Shri A.K. Singh — *Director*
2. Shri U.B.S. Negi — *Under Secretary*

SPECIAL INVITEE

1. Shri Rajiv Ranjan Singh 'Lalan', MP

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WITNESSES

*Representatives of the Ministry of Petroleum and Natural Gas*

1. Shri M.S. Srinivasan — Secretary
2. Shri Anil Rajzan — Additional Secretary
3. Shri Ajay Tyagi — Joint Secretary
4. Shri S. Behuria — CMD, IOCL
5. Shri N.G. Kannan — Director (Marketing), IOCL
6. Shri S. Radhakrishnan — Director (Marketing), BPCL
7. Shri S.P. Chaudhry — Executive Director (Detail.), HPCL

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6. At the outset, the Chairman welcomed the representatives of the Ministry of Petroleum and Natural Gas and the representatives of Oil Companies and drew their attention to the Direction 55(1) of the Directions by the Speaker regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which clearly stipulates that the Committee shall also meet as often as necessary to consider representations, letter, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposals.

7. Before taking oral evidence of the representatives of the Ministry of Petroleum and Natural Gas, the Committee drew attention to some of the observations of the past Speakers of the Lok Sabha throwing light on various aspects of the role and functions of the Committee on Petitions and its significance and importance in redressal of public grievances.

Thereafter, the Committee discussed all the cases one by one as stated in the succeeding paragraphs.

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#### **(IV) Representation from Shri Pramod Kumar**

Initiating the issue Hon'ble Chairman stated that the petitioner had given representations relating to the utilisation of Naptha in Barauni Refinery. During the course of evidence on the issue, the following points were discussed by the Committee:—

- (i) Utilisation of Naptha from the Barauni Refinery for setting up of a Petrochemical plant.
- (ii) Various possibilities of utilising Naptha.
- (iii) Minimum economic size for setting of a petrochemical plant.
- (iv) Installed capacity of Barauni Refinery and its upgradation in terms of its capacity.
- (v) Investment required for setting up of Naptha plant.

The Committee, thereafter, directed the witness to send a detailed note on the points raised by the Committee and also the suggestions for recommending installation of petrochemical plant in Barauni Refinery.

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9. A copy of the verbatim proceeding of the sitting of the Committee was kept on records.

*The Committee then adjourned.*

MINUTES OF THE FORTY-THIRD SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, 22nd August, 2006 from 1500 hrs. to 1540 hrs. in Chairman Room No. 45-II, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Adv. Suresh Kurup
3. Shrimati Nivedita Mane
4. Mohd. Muqueem
5. Shri Damodar Barku Shingda
6. Shri Vijoy Krishna

SECRETARIAT

1. Shri A.K. Singh — *Director*
2. Shri U.B.S. Negi — *Under Secretary*

2. At the outset, the Committee considered and adopted the Sixteenth, Seventeenth, Eighteenth and Nineteenth Reports with certain amendments as shown in the *Appendix-I*.

3. The Committee also authorized the Chairman to finalise and present the Reports to the House.

*The Committee then adjourned.*

**APPENDIX-I**

(See Para-2 of Minutes dated 22 August, 2006)

(A) AMENDMENT MADE BY THE COMMITTEE ON PETITIONS IN THE DRAFT  
SEVENTEENTH REPORT

(i) Page 29, Para 3.23, Line 5 from bottom

Delete — the world 'minority'

(ii) Page 32, Para 3.28, Line 5 from bottom

Delete — 'particularly by the same yardstick as the riots of 1984'

(iii) Page 32, Para 3.28, Lines 2-3 from bottom

For — 'or at least lessen the burden of'

Substitute — 'the'

(B) AMENDMENT MADE BY THE COMMITTEE ON PETITIONS IN THE DRAFT  
EIGHTEENTH REPORT

(i) Insert before the last sentence of the para 23 on page 10 as under:—

"The Committee further desire that the Minsitry of Tourism in cooperation with State Government of Bihar should chalk out suitable plan for places like Baikathpur Mahadev Sthan, Birth place of Guru Govind Singh, Chhoti Patan Devi, Badi Patan Devi and Kumhrar in Patna District to bring them on the tourist map and provide wayside amenities on these places considering their religious and historical significance."