

# 11 COMMITTEE ON PETITIONS

(FIFTEENTH LOK SABHA)

ELEVENTH REPORT



LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2010/Bhadra, 1932 (Saka)*

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## COMMITTEE ON PETITIONS

(FIFTEENTH LOK SABHA)

### MINISTRY OF COAL MINISTRY OF PETROLEUM AND NATURAL GAS

*(Presented to Lok Sabha on 31.08.2010)*



LOK SABHA SECRETARIAT  
NEW DELHI

*August, 2010/Bhadra, 1932 (Saka)*

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## COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Anant Gangaram Geete—*Chairman*

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3. Shri Khiladi Lal Bairwa
4. Shri E.T. Mohammed Basheer
5. Shri N.S.V. Chitthan
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### SECRETARIAT

- |                               |   |                             |
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| 5. Shri Jyoti Prakash Krishna | — | <i>Executive Assistant</i>  |

## **ELEVENTH REPORT OF THE COMMITTEE ON PETITIONS**

(FIFTEENTH LOK SABHA)

### **INTRODUCTION**

I, the Chairman, Committee on Petitions, having been authorized by the Committee to present the Report on their behalf, present this Eleventh Report of the Committee to the House on the following matters:—

- I. Action taken by the Government on the recommendations of the Committee on Petitions (14th Lok Sabha) in their Thirty-Ninth Report on the representation regarding pilferage of huge quantity of coal worth thousand crores of rupees in Gevra/Dipika areas of South-Eastern Coalfields Limited.
- II. Action taken by the Government on the recommendations of the Committee on Petitions (14th Lok Sabha) in their Forty-Fifth Report on the representation from Shri Dineshwar Singh of Delhi regarding neglecting the youths belonging to weaker and middle class sections in the guidelines which regulate commissioning of LPG Distributorships.

2. The Committee considered and adopted the draft Eleventh Report at their sitting held on 26th August, 2010.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;  
26 August, 2010  
04 Bhadra, 1932 (Saka)

ANANT GANGARAM GEETE,  
*Chairman,*  
*Committee on Petitions.*

## Chapter I

### ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS OF THE COMMITTEE ON PETITIONS (FOURTEENTH LOK SABHA) IN THEIR THIRTY-NINTH REPORT ON THE REPRESENTATION REGARDING PILFERAGE OF HUGE QUANTITY OF COAL WORTH THOUSAND CRORES OF RUPEES IN GEVRA/DIPIKA AREAS OF SOUTH EASTERN COALFIELDS LIMITED

The Committee on Petitions (14th Lok Sabha) in their Thirty-Ninth Report presented to Lok Sabha on 19 March, 2008 had dealt with the representation regarding pilferage of huge quantity of coal worth thousand crore of rupees in Gevra/Dipika areas of South Eastern Coalfields Limited.

1.2 The Committee had made certain observations/recommendations in the matter and the Ministry of Coal were requested to take action thereon and furnish their action taken replies for consideration of the Committee.

1.3 Action taken replies have since been received from the Ministry of Coal in respect of all the observations/ recommendations contained in the Report which have been detailed in the succeeding paragraphs.

1.4 In paragraph 1.35 of the Report, the Committee had observed/recommended as follows:—

"The Committee further observe that the allegations of pilferage of coal have been investigated from time to time by Chief Vigilance Officer and other officials of Coal India Limited/SECL. The Committee find that CBI investigated the matter. The allegations could not be substantiated either by CBI or by Chief Vigilance Officer, CIL. However, CBI advised Coal India Limited to initiate and implement effective preventive vigilance steps. The Committee have been informed that some of the measures suggested by CBI are in the process of implementation. These include installation of weigh bridges. According to the Ministry, about 29 weighbridges in Dipika and Gevra for weighing of coal transported by ESM before dumping into crushers are under process. The Committee are unhappy at the inordinate delay in the installation of weighbridges and recommend that for effective safeguards, electronic weigh bridges may be installed. These electronic weigh bridges should be tamper proof having the latest technology. It would be desirable if these electronic weigh bridges are installed by an independent agency with annual maintenance contract. The Committee also desire the Ministry of Coal/Coal India Limited to take measures for installation of the Global Positioning System and electronic surveillance system in all the vehicles involved in the transportation of coal."

(Para 1.35)

1.5 In their reply, the Ministry of Coal have stated as under:—

"(A) Installation of Weighbridges: Work order for supply and installation of total 29 nos. electronic road weighbridges, including the requirement of 13 nos. road weighbridges for weighing of raw coal for Dipika and 10 nos. for Gevra was placed on M/s. Southern Weighing Instruments (P) Limited in June, 2007 against an open tender with a provision of Annual Maintenance Contract for 04 years, after one year of warranty period. The position of installation and commission of these weighbridges in Dipika and Gevra areas is as under:

Sl. No.	Area	Weigh-bridges indented and ordered	Weigh-bridges supplied	Balance yet to be supplied	Installed & commissioned	Balance yet to be installed & commissioned
1.	Gevra	10 Nos.	10 Nos.	Nil	9 Nos.	1 No.
2.	Dipika	13 Nos.	9 Nos.	4 Nos.	8 Nos.	5 Nos.

The party, M/s. Southern Weighing Instruments (P) Limited has been instructed to speed up the delivery of the weighbridges, reserving the right of the management to impose penalty as per the terms of the contract, and it has been committed by the party that the delivery and installation of the balance quantity of weighbridges of Dipika area will be completed by 25th September, 2009 and one weighbridges of Gevra area shall be commissioned within June, 2009. This will complete the entire installation and commissioning work at Gevra area.

(B) Electronic Surveillance System: The tender floated in October, 2007 (as reported in earlier ATR) for procurement of RFID (Radio Frequency Identification) based Boom Barrier System had to be cancelled for want of qualified bidders. Re-tendering has been done in December, 2008 and offers received against this tender are under techno-commercial evaluation.

(C) Global Positioning System:

(1) An Integrated Mine Management System (IMMS) is in operation at Gevra Opencast to monitor movement of departmental dumpers/ trucks. The Management is examining to upgrade this system into ITDS (Operator Independent Truck Dispatch System) which is based on GPS for the purpose of monitoring departmental and non-departmental dumpers/ trucks. In connection with the proposed up-gradation, a proposal is being sought from CMC who had installed the Truck Dispatch System at Gevra.

2) For installation of GPS at Dipika, the NIT document prepared by the Company has been sent to CMPDI for their vetting."

1.6 In paragraph 1.36 of the Report, the Committee had observed/ recommended as follows:—

"The Committee also observe that the allegations of supply of excess quantity



of coal to the washery without weighment could not be substantiated. According to the Ministry, coal is supplied to power houses and washery operators are lifting coal on their behalf after advance payment. There are sufficient check posts, which are manned round the clock by departmental security guards. The Committee, however, feel that the mere deployment of departmental security guards may not be effective to achieve the desired results. In order to strengthen the existing monitoring system, the Committee recommend that separate route for coal transportation for washeries with proper check system may be incorporated. At the entry point of the washery, additional check post may be created. For effective preventive vigilance and for strengthening the internal control mechanism, the Committee recommend that the Ministry of Coal may examine handing over the security duties to Central Industrial Security Force (CISF) for all the security check posts."

(Para 1.36)

1.7 In their reply, the Ministry of Coal have stated as under:—

"Some progress has been achieved in the matter of deployment of CISF at Dipika and Gevra OCPs, and basic infrastructure like barrack accommodation, armed guard post and watch towers are under construction before deployment of CISF. It is expected that two companies of CISF will be posted within a period of 3 months."

1.8 In paragraph 1.37 of the Report, the Committee had observed/ recommended as follows:—

"In order to prevent misuse of the priority being accorded to ex-servicemen companies and to ensure that the benefits of above facilities reach the ex-servicemen, the Committee further recommend that the system of preferential treatment to ex-servicemen transport companies should be thoroughly re-examined by the Ministry of Coal ensuring greater transparency, competitiveness and to reduce the cost of transportation. The Ministry of Coal may examine reserving some sectors for these ESM companies based upon open tendering. The Committee desire that expeditious follow up action may be taken in this regard."

(Para 1.37)

1.9 In their reply, the Ministry of Coal have stated as under:—

"Revised Memorandum of Understanding (MoU) between the Director General, Resettlement (DGR), Ministry of Defence and Coal India Limited was in principle agreed to on 24.12.2008.

In the revised normative rates approved by the 246th meeting of CIL Board, some parity was introduced between the normative rates applied to ESM Firm/ CO and open tender rates. The CIL Board has directed as follows:—

"At the places where both ESM companies and civilian contractors are

working, the rates to be fixed for the ESM companies shall be within+10% of the rates paid to the civilian contractors through tender route *i.e.* at the end of the year, if the average rates of different distance slabs for Civilian Contractors is lower than ESM rates, then ESM rates shall be kept within+10% above the Civilian Contractor's rates. However, in case the Civilian Contractor's average rates for the same distance slab is higher than the ESM rate for that slab, then ESM rate would be brought up within—10% below the Civilian Contractor's rate."

In the revised MoU, it is in principle agreed to that all types of work related to coal mining *i.e.* coal loading, transportation, surface miner operation, overburden removal, sand transportation, wagon loading will be allotted to ESM firm/Company subject to a maximum of 50% of the outsourced quantity on total volume basis for each subsidiary company."

#### **Observations/ Recommendations**

**1.10 In his representation, the petitioner had alleged that a huge quantity of coal from the Gevra/ Dipika area of South East Coalfield Limited (SECL) were being pilferaged with the connivance of officers of the Company. M/s. Aryan Coal Beneficiation Private Limited had also set up coal washeries in Gevra/Dipika areas and they had formed fake Ex-Servicemen companies (ESM) which have established a monopoly in the field of transportation. The petitioner had, therefore, requested to stop illegal transportation and pilferage of huge quantity of coal.**

**1.11 During the course of examination of the case, the Ministry of Coal informed the Committee that ex-servicemen transport companies were engaged for loading and transportation of coal at Gevra/ Dipika area of SECL. The Director General, Resettlement (DGR) had sponsored these ESM companies. The allegations of pilferage of coal was also investigated from time to time by CVO, CIL/ SECL and CBI but allegations could not be substantiated. However, CBI suggested that CIL should initiate and implement effective preventive vigilance steps as well as bring in place a functional internal control mechanism to stop pilferage of coal, etc. These suggestions of CBI, were considered by CVO, CIL which recommended to take up measures which mainly include installation of weighbridge at all transfer points served by ESM companies, re-routing of transport network, installation of security check barriers at strategic points. SECL were asked to follow these suggestions. Commenting at the inordinate delay in installation of weighbridges, the Committee had recommended that for effective safeguards, electronic weighbridges might be installed by an independent agency with Annual Maintenance Contract (AMC). The Committee had also desired to take measures for installation of the Global Positioning System (GPS) and Electronic Surveillance System in all the vehicles involved in the transportation of coal. The Committee had also recommended that separate route be incorporated for transportation of coal for washeries along with additional check post at the entry point of the washery which might be manned by the Central Industrial Security Force (CISF). The Committee had further recommended that preferential treatment to ex-servicemen transport companies**

should also be re-examined ensuring greater transparency, competitiveness and to reduce the cost of transportation besides reserving some sectors for ESM companies based upon open tendering.

1.12 In their action taken replies, the Ministry of Coal have informed the Committee that work order for supply and installation of 29 Nos. electronic road weigh bridges was placed on M/s. Southern Weighing Instruments (P) Limited against an open tender with a provision of AMC for 04 years, after one year of warranty period. Out of these 29 weigh bridges, 23 were to be installed for weighment of raw coal in Dipika and Gevra areas. So far, 17 weighbridges have already been installed (09 at Gevra and 01 at Dipika) and commissioned and the rest will be installed and commissioned within two-three months. As regards Electronic Surveillance System, offers received from the qualified bidders, for procurement of RFID (Radio Frequency Identification) based Boom Barrier System are under techno-commercial evaluation. The Management is also examining to upgrade the existing system, *i.e.* Integrated Mine Management System (IMMS) at Gevra into ITDS (Independent Truck Dispatch System) which is based on GPS for the purpose of monitoring departmental and non-departmental dumpers/ trucks. For installation of GPS at Dipika, the NIT document prepared by the Company has been sent to Central Mine Planning and Design Institute (CMPDI) for their vetting.

1.13 As regards deployment of CISF for all the security check posts, the Committee note that basic infrastructure like barrack accommodation, armed guard post and watch post are under construction. CISF would be deployed within a period of 03 months.

1.14 The Committee have also been informed that in the revised Memorandum of Understanding (MoU) between the Director-General, Resettlement, Ministry of Defence and CIL it has been agreed in principle that all types of work related to coal mining, *i.e.* coal loading, transportation, surface miner operation, overburden removal, sand transportation, wagon loading will be allotted to ESM firm/company subject to a maximum of 50% of the outsourced quantity on total volume basis for each subsidiary company. Some parity between the normative rates applied to ESM firm/company and the rates for civilian contractors open tender have also been introduced.

1.15 The Committee note with satisfaction that out of 23 Nos. electronic road weighbridges meant for Dipika and Gevra areas, 17 Nos. have already been installed. The Committee trust that these weighbridges are tamper proof with latest technology. The Committee hope that efforts will be made to complete the balance work within a stipulated period. However, the Committee are constrained to note that Electronic Surveillance and Global Positioning Systems for effective monitoring of transportation of coal by all the vehicles are yet to be installed. The Committee, therefore, reiterate that the Ministry of Coal, being the nodal Ministry, should take appropriate and coordinated measures so that work in this regard is completed expeditiously. The matter regarding deployment of CISF personnel for security and vigilance duties and construction of peripheral infrastructure for the purpose should also be taken on priority basis and

**completed within a fixed time frame. The Committee feel that as a result of these measures the illegal transportation and pilferage of huge quantity of coal will be effectively checked.**

**The Committee would like to be apprised of the action taken in this regard at the earliest.**

## CHAPTER II

### ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS MADE BY THE COMMITTEE ON PETITIONS (14TH LOK SABHA) IN THEIR 45TH REPORT ON THE REPRESENTATION FROM SHRI DINESHWAR SINGH OF DELHI REGARDING NEGLECTING THE YOUTHS BELONGING TO WEAKER AND MIDDLE CLASS SECTIONS IN THE GUIDELINES WHICH REGULATE COMMISSIONING OF LPG DISTRIBUTORSHIPS

The Committee on Petitions (14th Lok Sabha) in their Forty Fifth Report presented to Lok Sabha on 17 December 2008 on the representation from Shri Dineshwar Singh of Delhi regarding neglecting the youths belonging to weaker and middle class sections in the guidelines which regulate commissioning of LPG distributorships.

2.2 The Committee had made certain observations/recommendations in the matter and the Ministry of Petroleum and Natural Gas were requested to implement those recommendations and furnish their action taken notes for the consideration of the Committee.

2.3 Action taken replies have been received from the Ministry of Petroleum and Natural Gas in respect of all the observations/recommendations contained in the Report which have been detailed in the succeeding paragraphs.

2.4 In paras 3.34 to 3.48 of the Report, the Committee had observed/recommended as follows:—

"The petitioner, Shri Dineshwar Singh, r/o Kunwar Singh Nagar, Najafgarh Road, New Delhi, has submitted that there are gross irregularities in the guidelines issued by the Oil Companies for selection of Retail Outlet/LPG Distributors, ignoring the middle class and weaker sections of the society. According to the petitioner, as per the guidelines in the context of the Public Limited Company formed under the Companies Act, 1956, the criteria regarding age, educational qualifications and personal experience will not apply and the candidates will be given full marks. On the other hand, marks have been bifurcated at different levels in order to debar the literate youth belonging to the middle and lower class families from doing such business. In this context, the petitioner has stated that M/s. CLC in West Bengal has reportedly commissioned 16 petrol pumps and LPG distributorship of various oil companies and has also applied for ROs in many places in Maharashtra, Gujarat, Uttar Pradesh, Bihar, etc. The petitioner has also stated that the Government extend financial support to a literate unemployed youth if he wants to do some business. But instead of awarding him full marks, only seven marks are given to the candidate based on the assurance letter of the bank. The petitioner has also stated that in the case of an individual

applicant, it has been laid in the guidelines that if a member of a family has commissioned a Retail Outlet/LPG distributorship, other members of the same family will not be given another RO/LPG distributorship. However, this definition of 'Family' is not applicable in the case of a company. The petitioner has also mentioned that as per the guidelines in the case of LPG distributorship, the godown should be within a distance of 15 kilometres from the commercial site, which may be out of the municipal limits even in case of large cities not to speak of village/blocks, thereby rendering the selection of site based on potential meaningless. The petitioner has further stated that there are many flaws in the guidelines which will deprive the applicants of the weaker and middle class sections of the society to enter this business. The petitioner has, therefore, requested that the matter may be investigated to remove these flaws in the guidelines issued by the Ministry of Petroleum and Natural Gas (MoP&NG)/Oil Companies.

(Para 3.34)

The Committee note from the written submission of the Ministry that after dismantling of APM *w.e.f.* 1.4.2002, public sector Oil Marketing Companies (OMCs) have commercial freedom for setting up of retail outlet dealerships/LPG distributorships and to select dealers/distributors for such dealerships/distributorships. Based on certain parameters advised to them by the Government, these OMCs have framed their respective guidelines for selection of dealers/distributors.

(Para 3.35)

As regards the rationale behind excluding the candidate of the Public Limited Companies from the purview of the criteria relating to age, educational qualifications and personality and thus in the process giving them full marks and undue advantage over the candidates belonging to middle and lower class families, the MoP&NG informed the Committee that institutions like Registered Societies and companies registered under Companies Act, 1956 do not have Age, Educational Qualifications and Personality like an individual. Therefore, they cannot be evaluated as in the case of individuals. The strength of institutions is considered to be more than that of individual on these parameters. Therefore, Institutions are awarded full marks on the parameters of Age, Education Qualification and Personality. Individual candidates who are in the age group of 26 to 46 get full (4) marks on the parameter of age. Candidates who have professional qualifications get full (15) marks and candidates can get full (2) marks on personality depending upon their interaction in the interview. Therefore, an individual candidate (irrespective of the class to which he belongs), who is in the age group of 26 to 46 and has a professional qualification can get full 21 marks. The evaluation on all the parameters of all the applicants is carried out as per the laid down criteria for selection of LPG distributors. There is no difference in criteria except for evaluation on the parameters of educational qualifications, age and personality between

Registered Societies/Companies registered under the Companies Act and the individuals candidates. Registered Societies/Companies registered under the Companies Act are awarded full marks on education qualification, age and personality whereas individuals are awarded marks based on individual's capabilities in the evaluation for selection of distributors."

(Para 3.36)

According to the Ministry, the guidelines for selection of dealers/distributors are transparent. These guidelines give complete details and are hosted on the corporation's website and also published with the advertisement. The result with marks secured by the candidates on the various parameters is displayed and hosted on the website. An applicant who has appeared for the interview and is aggrieved by selection may send his/her complaint to the Area Officer/ State Office in which the site for LPG distributorships is located. A representation/ complaint is entertained if it is received by the office concerned within a month from the date of declaration of result. Efforts are made to ensure that the representation/complaint is disposed of within 3 months from the date of receipt of response from the complaint. Pending disposal of complaint, Letter of Intent if issued will be kept in abeyance. Anonymous/pseudonymous complaints are normally not investigated. For other complaints a letter is sent by the oil company to the complainant through Registered Post, asking him to submit details of allegation with a view to *prima facie* substantiate the allegations along with supporting documents, if any, within 30 days. The concerned oil company examines the response of the complainant and if it is found that the complaint does not have specific and verifiable allegations, the same will be filed. When a decision is taken to investigate the complaint, one Senior Officer makes the investigation. In case complaint is not established, it is filed and the complainant is advised accordingly. In case the complaint is established against the empanelled candidate, action is taken with regard to appointment of the next candidate in the merit panel.

(Para 3.37)

As regards the number of petrol pumps and LPG distributorships being commissioned by M/s. CLS in the name of various companies, the Ministry informed the Committee that in the State of West Bengal, in response to the advertisements for award of RO dealership by IOCL, the company called M/s. CLS Limited has applied at the following five locations: (i) Budge budge, (ii) Between Dunlop Bridge B.T. Road crossing and Dakshineswar on Vivekanand Road, (iii) Kanajuli, (iv) Khidderpore, and (v) Shaktigarh. Similarly, in response to an advertisement for LPG distributorships by IOCL in West Bengal M/s. CLS Limited has applied for 7 number of LPG distributorships (i) Alipurdwar, Jalpaiguri district (ii) Pundibari, Coochbehar District (iii) Durgapur district Burdwan (iv) Gorandi, District Burdwan (v) Mecheda/Kolaghat, District Purba Mednipur (vi) Shreerampore, Hooghly District and (vii) Tarkeshwar, Hooghly District. LPG distributorships selection is yet to be made for all the above seven

distributorships. The details/status of allotment of RO dealerships at five locations advertised in which M/s. CLS Ltd. was one of the applicants, is as under:—

S.No.	Locations	Status
1.	Budge budge	After due selection process, RO dealership awarded to the individual other than M/s. CLS Ltd.
2.	Between Dunlop Bridge B.T. Road crossing and Dakshineswar on Vivekanand Road	After due selection process, RO dealership awarded to the individual other than M/s. CLS Ltd.
3.	Kanajuli	Interview yet to be held. M/s. CLS Ltd. is one of the two applicants for this location.
4.	Khidderpore	Interview/Re-interview held complaint against M/s. CLS Ltd. under investigation. Merit Panel not finalized.

(Para 3.38)

The Committee are anguished to note that the guidelines of the Oil Companies for regulating selection of candidates for RO and LPG distributorship contained certain infirmities or lacked clarity which gave ample scope for manipulation in the selection of dealerships/distributorships. It has been observed by the Committee that the earlier definition of 'Family' for allotment of ROs was defective which allowed the employees of a company to corner a large number of ROs even if they are members of the same family. In this regard, it has been reported to the Committee that one such Company, namely M/s. CLS Limited in West Bengal have applied and are eligible for allotment of more than one petrol pumps and LPG distributorships of various Oil Companies. The guidelines are also silent about the action to be taken against the other outlets/LPG distributors of the company in case of any default on the part of one of the outlets/LPG distributorships owned by the company.

(Para 3.39)

The Committee are happy to note that after their intervention, the Ministry have reviewed the guidelines and carried certain amendments in the guidelines for selection of dealers/distributors of petroleum products concerning evaluation of non-individual candidates (Government bodies/agencies, organized bodies, societies registered under Societies Registration Act, 1860, charitable trusts registered with Charity Commissioner of respective State Government, companies formed under the Companies Act, 1956) applying for dealerships/distributorships and applicability of multiple dealership norms to such non-individual entities. The amended guidelines came in to effect from 15.9.2008. As per the amended guidelines, in respect of selection for RO dealerships,



non-individual candidates will henceforth be evaluated out of 100 marks as follows:—

S.No.	Parameter	Individuals (including partnership)	Non-individuals
1.	Capability to provide land and infrastructure/facilities	35	35
2.	Capability to provide finance	25	25
3.	Educational Qualification	15	0
4.	Capability to generate business	10	25
5.	Age	4	4@
6.	Experience	4	4^
7.	Business Ability/Acumen	5	7
8.	Personality	2	0
Total		100	100

@Evaluation of 'Age' for non-individual candidates will be done as follows:—

S.No.	Number of years of existence	Marks to be awarded
1.	Less than 3 years	0
2.	More than 3 years but less than 5 years	2
3.	More than 5 years	4

^ Evaluation of 'Experience' for non-individual candidates will be done as follows:—

S.No.	Sector	Max. Marks\$
1.	Petroleum	4
2.	Automobile/Transport services	2
3.	Any sector other than mentioned above	1

\$ For the purpose, at least 1 year of experience of providing services in a particular sector will entitle the candidate for full marks and proportionately for experience of less than 1 year.

In respect of selection for LPG distributorships, non-individual candidates will henceforth be evaluated out of 100 marks as follows:—

S.No.	Parameter	Individuals (including partnership)	Non-individuals Entities
1.	Capacity to provide land and infrastructure/facilities	35	35

S.No.	Parameter	Individuals (including partnership)	Non-individuals Entities
2.	Capability to provide finance	35	35
3.	Educational Qualifications	15	0
4.	Age	4	15*
5.	Experience	4	8
6.	Business Ability/Acumen	5	7
7.	Personality	2	0
	Total	100	100

\* The marks on this parameter for non-individual candidates will be awarded as follows:—

S.No.	Age (years)	Marks
1.	3	7
2.	4	9
3.	5	11
4.	6	13
5.	7 or more	15

The applicability of Multiple Dealership Norms to various non-individual dealers/distributors will be as follows:—

**A. For Companies registered under Companies Act, 1956**

- (i) The applicant company will not be eligible for RO dealership/LPG distributorship if any of the RO dealership/LPG distributorship is held by the following:
  - a. Any of the Director or his family members (family as in the case of multiple dealership norms for individuals).
  - b. Holding company or Subsidiary company.
  - c. Any other company or Firm where share holders (put together) of the applicant company have controlling stake *i.e.* 51% or more.
- (ii) If any individual, partnership firm, company, organized body, trust or society already holding RO dealership/LPG distributorship acquire controlling stake in a company having RO dealership/LPG distributorship then the RO dealership/LPG distributorship of the acquirer would be liable to be terminated.

- (iii) Government-owned Companies defined as major shareholding with the Government, Public Sector and Joint Sector Units or Government administered Organizations will be excepted from the multiple dealership norms as per existing policy adopted by OMCs.

**B. For organized bodies, charitable trusts registered with the Charity Commissioner of the respective State Government and societies registered under Societies Registration Act, 1860.**

Such entities will not be eligible for RO dealership/LPG distributorship if any of the RO dealership/LPG distributorship is held by any of the Member of the Governing Body/Managing Body/Any such other Body or his family members (family as defined in the case of multiple dealership norms for individuals). OMCs may enter into "Corporate tie-ups" with companies based on their marketing strategies and merit of the proposal. OMCs should frame their detailed guidelines on the basis of following broad parameters and with the approval of their respective Board of Directors,

- a. Company should be listed on at least two Stock Exchanges say NSE and BSE.
- b. Minimum Authorized and Paid-up Capital may be specified.
- c. Dealership activity should not be their main business. In other words, the dealership activity has to be a support activity in the overall business venture.
- d. The RO dealerships allotted through 'corporate tie-ups' should be out of their regular Master Plan.
- e. Multiple Dealership norms will not be applicable.

(Para 3.40)

The Committee are also happy to note that as per the amended guidelines, the norms relating to the 'Family' in case of an individual has also been made applicable in case of company/non-individual, it has been clarified by the Ministry that if any of the dealership is held by any of the director or his family members and in a holding company or subsidiary or any other company or Firm where shareholders of the company is controlling a stake of 51% or more, even then he will not be eligible for another retail outlet from the Oil Company. Consequently, the apprehension of the petitioner that some companies may monopolize the basis of ROs/LPG, stands removed. The Company/non-individuals will now not be eligible for more than one RO/LPG.

(Para 3.41)

The Committee are happy to note that in pursuance to their observations/directions during the evidence of the Ministry/Oil Companies, certain other lacunae/drawbacks have also been rectified in order to make the selection procedure for allotment of RO/distributorship more transparent and objective. Marking on

certain parameters like age, educational qualification, business ability, experience and personality have been suitably modified and rationalized in the context of allotment of dealership to an individual or the applicants from the company. The Committee, however, note from the amended guidelines dated 15.9.2008 that in respect of RO dealership, non-individuals have been given more marks in capability to generate business. While the maximum marks awarded under this parameter is 25 for non-individuals, the same in the context of individuals is 10. The Committee are of the view that the markings in this regard favour the non-individuals and need to be reviewed to enable the individuals to compete with the non-individuals for award of retail outlet/distributorship. The revised marking patterns in respect of LPG distributorship appear to be well balanced and the similar pattern should be evolved in respect of RO dealerships.

(Para 3.42)

The Committee are also not satisfied with the marks being allotted against the parameter, 'availability of finance' since the applicant belonging to the weaker section is deprived of to get an opportunity to run a retail outlet as it would be difficult for him to arrange a large sum of money for establishment of the RO. In addition to this, the Oil Company also expects Bank guarantee and capability to provide land and infrastructure involving the amount of crores of rupees which, the Committee feel, is not possible for an individual from the weaker and backward class of the society to arrange. The Committee are, therefore, convinced that the parameter regarding 'Capability to provide land and infrastructure' and 'Capability to provide finance' are loaded in favour of affluent people and need to be suitably modified to enable the people of weaker and middle class to fulfil their genuine aspirations. The Committee, therefore, desire that the assurance given by the Banks regarding financial assistance should be treated as the capability to provide finance for the award of marks.

(Para 3.43)

The Committee also observe that the size/location for setting up of retail outlet/LPG outlet is selected after survey regarding the business potential of the site/location. However, as submitted by the petitioner, the godown for the commercial site should be within a distance of 15 kms. The Committee are of the view that criteria of distance for setting up of the godown does not seem to be practicable and may have its ramifications on the business potential of the retail outlet/LPG as well as its customers. The Committee, therefore, desire that the overall policy for assessment of the potential of the business site and the criteria relating to distance for setting up the godown may be revised and instead of 15 kms., the distance may be 3 kms. in rural area and within the municipal limits or 15 kms., whichever is less, in semi-urban and urban areas.

(Para 3.44)

The Committee also desire that special provisions need to be contemplated on the lines of Corpus Fund to enable the weaker section and middle class people to enter into RO/LPG distributorship business. The Committee, further recommend

review of the requirements under parameters 'Capability to provide land and infrastructure' and 'Capability to provide finance', since the requirement of funds for setting up RO/LPG outlets vary from place to place and may be even few lakhs in remote and rural areas. Further, the parameters relating to 'educational qualifications' needs to be rationalized and a minimum qualification as required for the business should be prescribed, although some additional marks should be given if the candidate possesses the educational qualification(s) relevant to the business.

(Para 3.45)

The Committee are constrained to observe that in most of the cases of allotment of ROs/LPG distributorships, the complaints, which in a large number of cases were unsubstantiated, are received against the empanelled candidate, thereby inordinately delaying the commissioning of the RO/LPG distributorship. The Committee are of the view that such complaints(s), if any, against the prospective candidates should be entertained and investigated one or two months before the scheduled date of interview and then only after disposal of the said complaint, the interview letters should be dispatched to the prospective candidates. Accordingly, the Committee recommend that a mechanism should be evolved to deal with the cases relating to complaints within a period of 30 days so that there is no undue delay in the commissioning of the ROs/LPG distributorships once the selection procedure is over.

(Para 3.46)

The Committee need not emphasize that Public Sector Oil Companies owe their existence to public funds and are thriving on the support and guidance of the Government. These Companies are, therefore, duty bound to contribute to social cause and welfare in an appropriate manner by ploughing back their profits for upliftment of common man of the country. The allotment of retail outlets/LPG distributorship is one of the means to help educated unemployed youth and small entrepreneurs belonging to backward and weaker strata of the society. The Committee, therefore, feel that the envisaged guidelines for corporate tie-ups are not in consonance with the avowed objective of the public sector to provide succour and shelter to neglected and unemployed youth. The Committee, therefore, desire that these guidelines be suitably amended.

(Para 3.47)

The Committee hope that these modifications in the guidelines, would bring in the much needed transparency and objectiveness in the selection of candidates and consequently provide a fair chance to the unemployed and educated youth belonging to the weaker section of the society to do their business in the field. Since there is always scope for improvement, the Committee recommend that the Ministry/Oil Companies should continue to make efforts to review their mechanism/guidelines for selection of the candidates for the dealership from time to time so that there is no scope for any manipulation and cause for any irregularity and

grievance from any quarter. The Committee would like to be apprised of the action taken by the Ministry/Oil Companies in this regard."

(Para 3.48)

2.5 The Ministry of Petroleum and Natural Gas in their reply have stated as follows:—

"On the recommendation of the Hon'ble Committee, Ministry had revised the relevant guidelines on selection of dealership / distributorship under which non-individual candidates will now be evaluated out of 100 marks and multiple dealership norms would be made applicable to non-individual candidates, except Government Deptt./Agencies. Further, on the recommendation of the Committee, the marking system under the parameter 'Educational Qualification' have been amended by OMCs to give more weightage to those educational qualifications that have direct relevance to the operation of dealership/ distributorship. The details of the amended guidelines have already been submitted to the Committee.

It may be clarified that under the amended guidelines, non-individuals will also be evaluated out of 100 marks and since such candidates can not be assessed for 'educational qualification' or 'personality', marks allocated for such parameters for individual candidate had to be distributed to some other parameter under which non-individual can be meaningfully assessed. The new marking system has been worked out by the Ministry after various rounds of consultations with OMCs. Further, in case of RO dealership, 'capability to generate business' is one of the most important criteria for successful running of dealership due to stiff competition among ROs. In case of LPG distributorships, the distributors have fixed/assigned number of customers and there is hardly any competition between distributors and the candidates are not assessed under the parameter 'capability to generate business'. Hence the selection criteria for both RO dealership and LPG distributorship can not be exactly the same.

Regarding observations of the Committee that the selection guidelines are favourable to economically better placed persons, it may be stated here that operation of dealership / distributorship of petroleum products is a business venture and is associated with business risks. After the commissioning of the dealership/ distributorship, it normally takes a few years for the dealership/distributorship to become economically viable, and even after attaining viability, dealership / distributorship do not guarantee assured returns. Therefore, the selected candidate, (other than SC/ST category) including corporate body, should be financially strong to sustain the operation of the dealership / distributorship and accordingly, due weightage has been given in evaluation of candidate on the 'capability to arrange finance' (25 marks in case of RO dealership and 35 marks in case of LPG distributorship) and 'capability to provide land' (35 marks for both RO dealership and LPG distributorship). Further, in the awarding of marks under

the parameter 'capability to provide finance', due weightage is given to the existing financial position of the candidates, such as bank deposit, other liquid assets, moveable/immoveable properties already owned by the candidate. This has been done to ensure that candidates with strong financial background, who can make substantial investment in the running of RO and be in a position to face competition in the market, and also who can withstand any downturn in the market, are given preferences in the selection process. Bank Guarantee alone does not fully reflect the financial strength of a prospective dealer/distributor.

Regarding recommendation of the Committee on the distance between godown of LPG distributorship, OMCs have reported that land for godown can be within 15 Km. from the advertised location. In case of distributorships under Rural category and Urban-rural category, the area of operation is 15 Km. for the advertised location. Thus the godown will eventually be in the area of operation of LPG distributor. In big cities- urban category, the land for godown may not be available and even if available, OMC may not get permission from authorities to construct LPG godown inside the city. Hence, OMCs are of the considered opinion that 15 Km. is a reasonable distance for LPG godown.

Regarding disposal of complaints within 30 days, OMCs have reported that in the matter relating to complaints, an applicant who has appeared for the interview and is aggrieved by the selection process can send his/her complaint to the Area Office/State Office in which the interviews were held within one month from the date of declaration of result. Efforts are made by OMCs to ensure that the representation/complaint is disposed of within one month from the date of receipt of response of the complaint."

#### **Observations/ Recommendations**

**2.6 In his representation, the petitioner had submitted that there were gross irregularities in the guidelines issued by the Ministry of Petroleum & Natural Gas (MoP&NG)/Oil Companies for selection of LPG distributors which ignore or deprive the applicants belonging to the middle class and weaker sections of the society. The petitioner had, therefore, requested that these flaws should be removed from the guidelines issued by the Ministry/Oil Companies.**

**2.7 Pursuant to observations/ directions of the Committee during examination of the case, certain infirmities/drawbacks in the guidelines for selection of dealers/distributors of petroleum products were rectified by the Ministry/Oil Companies in order to make the selection procedure more objective and transparent. The revised guidelines came into effect from 15 September 2008. As per the revised guidelines, non-individual candidates will now be evaluated out of 100 marks. The marking system under the parameter 'Educational Qualification' has also been amended to give more weightage to those educational qualifications that have direct relevance to the operation of dealership/distributorship. The definition of 'family', which earlier allowed the employees of a company to corner a number of outlets even if they are members of the same**

family, have also been rectified and now norms relating to 'family' in the case of an individual have also been made applicable to company/non-individual for allotment of retail outlets. While expressing their satisfaction over these modifications/amendments carried out by the Oil Companies, the Committee had recommended that certain provisions of the guidelines still need to be reviewed.

2.8 In their action taken replies, the Ministry have explained that 'capability to generate business' is one of the most important criteria for successful running of RO dealership due to stiff competition among ROs. In case of LPG distributorship, the distributors have fixed/assigned number of customers and there is hardly any competition between distributors and the candidates are, therefore, not assessed under the parameter 'capability to generate business'. Hence, the selection criteria for both RO dealership and LPG distributorship can not exactly be the same. Oil Companies are also of the considered opinion that 15 Km. is a reasonable distance for LPG godown from the advertised location as the same will be eventually in the area of operation of LPG distributor. Oil Companies also make efforts to ensure that complaint, if any, against the selection process is disposed of within one month from the date of receipt of such complaint.

2.9 The Ministry/Oil Companies have contended that the selected candidate should be financially strong to sustain the operation of the dealership/distributorship of retail outlets and bank guarantee alone does not fully reflect the financial strength of a prospective dealer/distributor to face competition and withstand any downturn in the market. Therefore, due weightage has been given to existing financial position of the candidate such as bank deposit, other liquid assets, movable/immovable properties already owned by the candidate. The Committee are of the view that financial position of any candidate can not be the only and sufficient factor to run the business successfully. Other factors like ability and acumen, experience, educational background, etc. of the candidate are equally important factors to run such ventures successfully and to withstand any competition or downturn in the market. It may also be relevant to point out that the Oil Companies propose to set up retail outlets only after conducting the feasibility and commercial viability of the location. The Committee are, therefore, constrained to note that the Ministry/Oil Companies are reluctant to contribute to the social cause and welfare of the poor and weaker sections of the society by not allowing them to enter into retail outlet business as otherwise they would have come out with some meaningful alternatives or suggestions to address the issue. The Committee feel that Ministry/Oil Companies cannot simply ignore the cause of the unemployed but educated youth belonging to the lower strata of the society. One of the alternatives to help poor candidates could be to treat the assurance given by the Banks/financial institutions to extend financial assistance as adequate against the parameter 'finance' for award of full marks to the prospective candidates. After all, such financial assistance is given by the banks only after taking into account all relevant factors including the capacity of the individual to repay the loan and surety/guarantee given by others. To keep this end in view, the Committee, therefore, desire that the parameter relating to



**'capacity to arrange finance' needs to be rationalized in such a manner which do not extend undue advantage to the affluent people and put prospective candidates belonging to the poor and weaker sections of the society relatively at a disadvantageous position.**

**2.10 The Committee are also constrained to note that the Ministry/Oil Companies are silent over envisaged guidelines for corporate tie-ups with companies and need for the creation of special funds to support candidates belonging to the poor and the weaker sections of the society in their efforts to arrange land and finance for establishing retail outlets allotted to them. The Committee, therefore, desire that envisaged guidelines involving corporate tie-ups should be reviewed in order to give preference to the educated and unemployed youths of the country, instead of companies, for running retail outlets. It would also be imperative for the Oil Companies to perspective and earmark certain percentage of their profits to help candidates belonging to the poor and backward sections of the society. The Committee would like to be apprised of the conclusive action taken by the Ministry in this regard.**

NEW DELHI;  
26 August, 2010  
04 Bhadra, 1932 (Saka)

ANANT GANGARAM GEETE,  
Chairman,  
Committee on Petitions.

ANNEXURE

MINUTES OF THE TWENTIETH SITTING OF THE COMMITTEE ON PETITIONS  
(FIFTEENTH LOK SABHA)

The Committee on Petitions sat on Thursday, 26th August, 2010 from 1500 hrs. to 1545 hrs. in Chairman's Room No.014, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Rajendra Agrawal — *In the Chair*

MEMBERS

2. Shri Khiladi Lal Bairwa
3. Shri Devendra Nagpal
4. Shri Jagdambika Pal
5. Prof. Ram Shankar
6. Shri Rakesh Singh
7. Dr. Sanjay Sinh
8. Shri Joseph Toppo

SECRETARIAT

1. Shri N.K. Sapra — *Additional Secretary*
2. Shri V.R. Ramesh — *Joint Secretary*
3. Shri U.B.S. Negi — *Additional Director*
4. Shri Hulasi Ram — *Deputy Secretary*
5. Smt. Jagriti Tewatia — *Under Secretary*

2. In the absence of the Chairman, the Committee chose Shri Rajendra Agrawal to act as Chairman for the sitting under Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman welcomed the Members of the Committee and then the Committee considered and adopted the Tenth, Eleventh and Twelfth Reports with minor corrections.

4. The Committee also authorized the Chairman to finalize and present the Reports to the House.

5. The Committee, thereafter, decided to undertake an on-the-spot study visit to Kochi, Munnar, Bengaluru and Mumbai during September, 2010 to hold informal discussion with officials of Central/State Governments in connection with some of the representations undertaken by the Committee for examinations.

*The Committee then adjourned.*

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