

**COMMITTEE ON THE WELFARE OF
SCHEDULED CASTES AND
SCHEDULED TRIBES
(2011-2012)**

(FIFTEENTH LOK SABHA)

SEVENTEENTH REPORT

ON

MINISTRY OF PETROLEUM AND NATURAL GAS

Action taken by the Government on the recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes on the subject "Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies".

Presented to Lok Sabha on.....

Laid in Rajya Sabha on.....



LOK SABHA SECRETARIAT

NEW DELHI

13 December, 2011/ 22 Agrahayana, 1933(Saka)

CONTENTS

		Page
COMPOSITION OF THE COMMITTEE.....		(iii)
INTRODUCTION.....		(v)
CHAPTER I	Report.....	1
CHAPTER II	Recommendations/Observations which have been accepted by the Government.....	28
CHAPTER III	Recommendations/Observations which the Committee do not desire to pursue in view of replies of the Government.....	44
CHAPTER IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration.....	50
CHAPTER V	Recommendations/Observations in respect of which final replies of the Government have not been received.....	58

APPENDICES

I	Minutes of the sitting of the Committee held on 03.11.2011	59
II.	Analysis of the Action Taken by the Government on the Recommendations contained in the Fourth Report (Fifteenth Lok Sabha).....	61

**COMPOSITION OF THE COMMITTEE ON THE WELFARE OF SCHEDULED CASTES
AND SCHEDULED TRIBES (2011-2012)**

Shri Gobinda Chandra Naskar - Chairman

MEMBERS – LOK SABHA

2. Shri Bhudeo Choudhary
3. Smt. Santosh Chowdhary
4. Smt. Jyoti Dhurve
5. Shri Biren Singh Engti
6. Shri Prem Chand Guddu
7. Smt. Paramjit Kaur Gulshan
8. Dr. M. Jagannath
9. Shri Mohan Jena
10. Shri Mohinder Singh Kaypee
11. Shri Virendra Kumar
12. Shri Pradeep Majhi
13. Shri Bharat Ram Meghwal
14. Shri Ashok Kumar Rawat
15. Shri Bajju Ban Riyan
16. Smt. Sushila Saroj
17. Shri Hamdullah Sayeed
18. Dr. Kirit Premjibhai Solanki
19. Shri Lalit Mohan Suklabaidya
20. Shri Bhausahab Rajaram Wakchaure

MEMBERS – RAJYA SABHA

21. Shri Jabir Husain
22. Shri Rishang Keishing
23. Shri Lalhming Liana
24. Dr. Bhalchandra Mungekar
25. Shri D. Raja
26. Shri K.B. Shanappa
27. Shri Veer Singh
28. Miss Anusuiya Uikey
29. Shri Veer Pal Singh Yadav
30. Vacant

SECRETARIAT

1. Shri R.K. Chadha – Joint Secretary
2. Ms. J.C. Namchyo – Director
3. Shri L. Singson – Sr. Committee Assistant

INTRODUCTION

I, the Chairman, Committee on the Welfare of Scheduled Castes and Scheduled Tribes having been authorised by the Committee to finalise and submit the Report on their behalf, present this Seventeenth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the recommendations contained in their Fourth Report (Fifteenth Lok Sabha) on the Ministry of Petroleum and Natural Gas regarding "Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies".

2. The draft Report was considered and adopted by the Committee on 3rd November, 2011 (Appendix-I).

3. The Report has been divided into the following chapters:-

- I Report
- II Recommendations/Observations which have been accepted by the Government.
- III Recommendations/Observations which the Committee do not desire to pursue in view of replies of the Government.
- IV Recommendations /Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration.
- V Recommendations / Observations in respect of which final replies of the Government have not been received.

4. An analysis of the Action Taken by the Government on the recommendations contained in the Fourth Report (Fifteenth Lok Sabha) of the Committee is given in Appendix-II. It would be observed therefrom that out of 27 recommendations/observations made in the Report, 15 recommendations i.e. 55.55 per cent have been accepted by the Government. The Committee do not desire to pursue 5 recommendations i.e. 18.51 per cent of the total recommendations in view of replies of the Government. There are 7 recommendations i.e. 25.92 per cent in respect of which reply of Government has not been accepted by the Committee and which require further reiteration.

NEW DELHI
13 December, 2011
22 Agrahayana, 1933 (Saka)

GOBINDA CHANDRA NASKAR
Chairman,
Committee on the Welfare
of Scheduled Castes and
Scheduled Tribes.

CHAPTER I

Report

This Report of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes deals with the Action Taken by the Government on the recommendations contained in their Fourth Report (Fifteenth Lok Sabha) on the Ministry of Petroleum and Natural Gas regarding "Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies".

1.2 The Fourth Report was presented to Lok Sabha on 11th March, 2010. It contained 27 recommendations/observations. Replies of the Government in respect of all these recommendations/observations have been examined and may be categorized as under:-

- (i) Recommendations/observations which have been accepted by the Government (Sl. Nos. 2, 4, 7, 8, 11, 12, 13, 15, 16, 17, 18, 19, 22, 23 and 24).
- (ii) Recommendations/observations which the Committee do not desire to pursue in the light of the replies received from the Government (Sl. Nos. 1, 9, 10, 14 and 27).
- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (Sl. Nos. 3, 5, 6, 20, 21, 25 and 26).
- (iv) Recommendations/observations in respect of which final replies have not been received (Nil)

1.3 The Committee will now deal with the Action Taken by the Government on some of the recommendations which need reiteration or comments:-

Selection of Location/Sites

Recommendation (Sl. No. 3, Para No. 2.18)

1.4 The Committee note that OMCs have freedom in choosing the locations for setting up of RO Dealerships/LPG Distributorship as per their commercial consideration. While finalizing a location, it has been stated that sale potential, economic viability as well as strategic locations are the main considerations. After de-regulation for RO Dealerships, each OMC is preparing its own marketing plan and roster independently and that for LPG Distributorship, marketing plan and roster are prepared on industry basis. During evidence, the Committee pointed out that at the time of planning and mapping of sites for setting up of retail outlets (ROs), sites which have potential for earning high revenues are not reserved for SCs and STs but sites which do not give more revenue are reserved for them. The Committee further pointed out that only C category is being reserved whereas A and B categories are not reserved. While the Secretary, Ministry of Petroleum and Natural Gas agreed with the views of the Committee that more than A and B, it is predominantly the C Class which gets allotted and included in the planning stage, yet in the written reply, the Ministry has different version in explaining the same matter. The Committee are perplexed by the ambiguous stance taken by the Ministry. It appears that the Ministry is trying to protect the OMCs even though it has already been admitted by the representative of the Ministry before them that indeed there is a flaw in allotment of ROs at planning stage. The Committee strongly deplore the ambiguous stance taken by the Ministry. The Committee believe that discrimination of SCs and STs at the time of planning and mapping of sites for setting up of retail outlets is not desirable. If prime locations/sites are not reserved for SCs and STs, it would be difficult to expect good turnover from the retail outlets operated by them. The Committee are of the view that if the objective of giving reservation to SCs and STs in allotment of RO Dealerships/LPG

Distributorships is to ameliorate their socio-economic conditions, then it should be the duty of the Government to ensure sites yielding high revenues are also allocated to them. The Committee, therefore, recommend that the Government should prevail over the OMCs and ask them to review the whole process of planning and mapping of sites for setting up of ROs which are underway and, if not, in near future to ensure that sites which have potential for earning high revenue are also reserved for SCs and STs.

Reply of the Government

1.5 Locations under SC/ST category are strictly reserved based on 100 point roster system maintained by the OMCs, which ensures stipulated representation of all social objective categories. Such locations are earmarked on the following considerations:

- (a) Availability of site/land/COCO – first priority is given to SC/ST category.
- (b) Feasible locations with high probability of land being offered against advertisement are allocated to SC/ST category.
- (c) Feasible locations with high probability of land being offered by Government/land owning agencies.

1.6 Main consideration in earmarking a location for SC/ST category is feasibility and availability of land. Since total investment in such Retail Outlets is to be made by OMCs, probability of achieving of volumes compared with financial viability of the location is strictly scrutinized at every level by OMCs.

Comments of the Committee

1.7 The Committee do not agree with the reply of the Government that main consideration in earmarking a location for SC/ST category is feasibility and availability of land as at the time of planning and mapping of sites for setting up Retail Outlets (ROs), sites which have potential for earning high revenue/return do not seem to have been allotted to SCs/STs. As such, the Committee feel that many

ROs operated by SCs and STs have not performed as per expectation of the OMCs and thus run the risk of being terminated or non-renewal of licenses. Having noted that the present system of reservation in allotment of ROs is not working in the interest of SC/ST allottees, the Committee had recommended the Government to prevail over OMCs to review the system so that sites with potential for earning good revenue are reserved at the time of planning and mapping of sites. The Committee would like to contend that more than feasibility and high probability of availability of land, what the SCs and STs urgently require is reservation for sites with high potential for earning good revenue. Usually at the time of planning and mapping stage only, the potential of these sites are easily gauged because various inputs, data/information based on surveys, etc. are relied upon at the time of preparing these maps and sites. The Committee are also of the view that allotment of ROs to SCs and STs are usually made in small towns, where availability of land to set up ROs may not be much of a problem but running the business. Therefore, it should be the bounden duty of the Government to firstly reserve high earning sites also for SCs and STs and secondly to provide them training on running of retail outlets so that sales volume of the ROs run by them is as per the requirement of the OMCs. The Committee, therefore, reiterate that if the objective of giving reservation to SCs and STs in allotment of RO dealerships/LPG distributorships is to ameliorate their socio-economic conditions or to uplift them economically, then the Government should ensure that OMCs take care to reserve commercially viable and profit sustaining sites for the SCs and STs at the time of planning and mapping itself.

Recommendation (Sl. No. 4, Para No. 2.19)

1.8 The Committee also note that after deregulation of petroleum sector for LPG Distributorships, marketing plan and rosters are prepared on industry basis. It has,

however, not been specifically explained the procedure as to how and who undertake the market plan for LPG Distributorship and prepare the roster thereof for the industry. The Committee should, therefore, be apprised of the details of marketing plans for LPG Distributorship of last 5 years, the details of LPG Distributorship earmarked and commissioned in different States and UTs and the share of SCs/STs in this regard.

Reply of the Government

1.9 The locations are identified on Industry basis for setting up of distributorships. The locations are then allocated under different categories based on the Constituency in which the location is situated and the same is done State-wise with the view to ensure that 25% reservation is maintained. During the last 5 years, OMCs have finalized Marketing Plan 2004-07 for setting up of 837, LPG distributorships out of which 220 are reserved for SC/ST category.

Comments of the Committee

1.10 The Committee may be apprised of the status of 220 distributorships earmarked for SCs and STs finalized by OMCs in its Marketing Plan 2004-07. The Committee also desire that keeping in view of many lay persons who are not able to comprehend the notification/advertisement for inviting application for RO dealerships/LPG distributorships, the format should be simple and also clearly specify on it concessions/relaxations provided to SCs/STs so that they are aware of the terms and conditions, rules and regulations and marketing policies of the OMCs from the beginning. The Committee would also like to impress upon the OMCs that target sales policy for RO dealership/LPG distributorship should not be the same for all categories because when SCs/STs are not allotted sites which are commercially viable and profitable, adopting the same yardstick to determine their sales target at par with others would be gross discrimination and insensitivity. The Committee,

therefore, recommend that the OMCs should have separate policy of sales target for SC/ST RO dealerships/LPG distributorships. The Committee also desire that SC/ST RO dealers/LPG distributors facing threat of termination/closure due to reasons such as underperformance, failure to meet sales target and low profitability should be given protection and support. It is the bounden duty of the OMCs to support them because certain policies of local governments such as imposition of VAT and other levies/duties apart from threat of anti-social elements of the society and non-allocation of viable and profitable sites are the reasons for their unsuccessful ventures. The Committee, therefore, recommend that existing RO dealerships/LPG distributorships belonging to SCs and STs facing closure should be re-allocated profitable sites at the earliest keeping in mind that the sole objective of providing them reservation was to ameliorate their socio-economic conditions.

Selection Board

Recommendation (Sl. No. 5 & 6, Para No. 2.22 & 2.23)

1.11 The Committee note that selection of RO Dealers/LPG Distributors is done by a Selection Committee comprising 3 officers from concerned OMCs. It has been stated that the Members are appointed wholly from outside the State or from a different Department. The Committee are surprised to note that no specific provision has been made in the directives to include SC/ST Members in the Selection Committee of OMCs. The reason attributed is that in respect of locations reserved for SC/ST categories, candidates belonging to these categories can only apply for such locations and that there is no scope for allegation of bias against candidates are not competing with candidates belonging to other categories for reserved locations. The Committee strongly feel that even though only candidates from the reserved communities can compete for locations reserved for them, it is important to ensure that the people applying as SC/ST candidates are genuine

and not otherwise. The Committee are aware of the fact that some people have taken advantage of gullible SC/ST people and obtained RO dealership/LPG distributorship in their names only, thereby, hoodwinking the Government in complacency that all is well. The Committee are also very concerned that some people are also obtaining Scheduled Caste / Scheduled Tribe certificates fraudulently to get an access to benefits given exclusively for SCs and STs. In such circumstances, it is very essential to check the genuineness of SC/ST category candidates, there would be no scope for allegation of bias since all are reserved category applicants. The Committee, therefore, view that the process of selection should not only be free from all corruption, nepotism and impartiality but that only the genuine SC/ST candidate apply for the Dealerships/Distributorships reserved for them. The Committee, therefore, view that inclusion of SC/ST Members in the Selection Committee will help in selection of right candidates. The Committee, therefore, recommend that all OMCs should include a member from SC/ST community drawn either from the OMCs or from the Department/Ministry in the Selection Committee constituted for selection of RO Dealers/LPG Distributors reserved for these communities.

1.12 Surprisingly, the Committee note that BPCL has already included a SC/ST Member in the Selection Committee. It is, however, not understood as to why the Ministry of Petroleum & Natural Gas did not ask other OMCs to follow suit in the matter. The Committee, therefore, recommend that the Ministry of Petroleum should ensure that the basic structure in the Dealer selection guidelines of all the OMCs are uniform and that the interests of SCs and STs have been taken care of.

Reply of the Government

1.13 As stated in the earlier reply, only persons belonging to SC/ST category can apply for locations reserved for the said category. As such candidates are not competing with person belonging to other categories and hence, there is no possibility of bias against the

SC/ST candidates. In case of any complaints / doubt regarding the authenticity of Caste / Tribe Certificates produced by the candidates, confirmation / clarification is sought from the authorities of the concerned State / UT Government.

1.14 Further, there are many other reservation for other social objective categories, such as 'Freedom Fighter', 'Outstanding Sports Persons', 'Defence', 'Paramilitary and Police Personnel (PMP)' and 'Physically Handicapped' and 33% under each category is reserved for 'women' belonging to that category. It is not possible to include a member of the concerned reserved category in every selection committee conducting interviews for various reserved categories. Further, in respect of RO dealerships reserved for SC/ST category, 82.5% marks are awarded objectively based on verifiable documents submitted by the candidates and only 16.5% marks are awarded subjectively in the interviews. In respect of LPG distributorship, new guidelines have been recently introduced under which selection would be done through draw of lots among the eligible candidates. Hence, there appears to be no compelling justification to include SC/ST person(s) in the selection committee for locations reserved for SC/ST category.

Comments of the Committee

1.15 The Committee deplore the nature of reply given by the Government. The Committee are very much aware that only persons belonging to SC/ST category can only apply for locations reserved for them. However, it cannot be ruled out that the selection of SC/ST candidates for ROs/LPG distributorships is free from prejudices. Moreover, the Committee did not ask for inclusion of a Member representative in all categories such as 'Freedom Fighter', "Outstanding Sports Persons", "Defence", "Paramilitary" and "Police Personnel" and "Physically Handicapped" but only a representative from SC/ST category for inclusion in Selection Committee so as to facilitate in selection of deserving candidates to

avail the opportunity given by the OMCs. It has been the endeavour of the OMCs to allot these facilities to genuine and deserving candidates and so is the desire of this Committee. The Committee feel that when they are given reservation there is no harm in including a member from their own community to assist in the selection process which is a temporary assignment. The Committee are of the view that inclusion of SC/ST member in the Selection Committee will do more justice than harm the selection procedure. One of the OMCs i.e. Bharat Petroleum Corporation Limited (BPCL) has already included an SC/ST member in its Selection Committee which is well appreciated by this Committee. The Committee, therefore, reiterate their earlier recommendation that in so far as the selection of SC/ST candidates for allotment of ROs is concerned, a member from SC/ST community drawn either from the OMCs or from the Government departments should be included in the Selection Committee so that deserving SC/ST candidates are selected without biasness, nepotism and controversy.

Selection of ROs Dealerships/LPG Distributorships

Recommendation (Sl. No. 7, Para No. 2.32)

1.16 The Committee note that selection of RO Dealers/Distributors is conducted by the OMCs themselves as per their own guidelines which involves issue of public advertisement, interviews of eligible applicants and field verification. In regard to issue of advertisement when the Committee pointed out that publicity given for selection of SC/ST RO Dealerships and LPG Distributorships does not reach the targeted beneficiaries, the representative of the Ministry had readily agreed to review the whole process of publicity of selection of SC/ST Dealerships/Distributorships so as to ensure that the industry advertises the requisite information in such a way that it reaches the remotest corner of the country. The Committee expect that the verbal assurance given by the representative

of the Government would be honoured while advertisements are brought out by the OMCs in the future. The Committee strongly desire that vigorous campaign should be launched especially in the rural areas to educate the rural people of the many advantages of LPG so that more people are induced to use LPG for cooking purposes as also market for opening more LPG distributorship is created in those areas. The Committee, therefore, recommend that wide publicity for use of LPG for cooking purpose should go hand in hand with advertisement for LPG Dealership. Advertisements should be carried out in atleast two leading local vernacular newspapers. The Committee also desire that copies of advertisement for selection of RO Dealership/LPG Distributorship should be provided to members of the Parliamentary Committee on the Welfare of Scheduled Castes and Scheduled Tribes as also to the local Councilor /MLAs/MPs of the local area for information. The Committee also desire that ample time should be given to SC/ST applicants and assistance, if required in filling up the application should also be provided so that their applications are not rejected due to wrong information furnished out of ignorance.

Reply of the Government

1.17 Experience gained by the OMCs has proved that the current system of advertisement in at least two newspapers including one vernacular newspaper widely circulated in the area is considered sufficient to inform eligible and interested candidates. Especially, since the advertisements are more than a page long, which catch attention easily and cannot be missed. Currently, at least 30 days time is given to applicants for submitting application, which is considered sufficient for a candidate to submit application. Further, for rural ROs, advertisements are posted at the Government offices located in the advertised area, including the office of District Magistrate. In respect of rural LPG distributorship (RGGLV) selection will be done by inviting applications through

advertisements in 2 vernacular newspapers – one with widest circulation in the State and other with widest circulation in District in which RGGLV is to be setup.

Comments of the Committee

1.18 The Committee urge the Government to provide copies of advertisement whenever issued for selection of RO dealership/LPG distributorship to Members of the Parliamentary Committee on the Welfare of Scheduled Castes and Scheduled Tribes as also to local MPs for information.

Termination/revival of Dealerships and Distributorships

Recommendation (Sl. No. 15 & 16, Para No. 4.9 & 4.10)

1.19 During the year 2004-05 to 2007-08, BPCL had terminated a total of 119 RO dealerships out of which 11 belonged to SCs and 3 to STs. During the same period, BPCL revived a total of 3 RO dealerships but it did not include the dealerships belonging to SC and STs. Similarly, during the year 2004-05 to 2007-08, BPCL had terminated a total of 36 LPG distributorships, out of which 12 belonged to SCs and 2 to STs. However, the Committee note that only 3 LPG distributorships have been revived out of which two belonged to SCs and one to ST respectively. In case of HPCL, the total number of RO dealerships terminated during the year 2004-05 to 2007-08 is 208, out of which 32 RO dealerships belong to SCs and 6 to STs. A total of 4 RO dealerships had been revived by HPCL during the same period but none belonged to SCs and STs. In regard to the LPG distributorships, HPCL does not seem to have any problem as it did not terminate any distributorship during the said period. The Committee observe that in case of IOC the total number of terminated RO dealerships during the same period is 352 which included 21 belonging to SCs and 7 to STs. The number of revived RO dealerships is only 9 but it does not include RO dealerships owned by SCs/STs. A total of 66 LPG distributorships

were terminated by IOC during the year 2004-05 to 2007-08 out of which 15 belonged to SCs and 4 to STs.

1.20 On analysis, it is observed that 10.09% and 2.52% of RO dealerships belonging to SCs and STs respectively had been terminated by BPCL. The RO dealerships terminated by HPCL included 15.38% belonging to SCs and 2.88% belonging to STs. The percentage of termination of RO dealerships belonging to SCs and STs by IOC is 5.96% and 1.98% respectively. The position in termination in case of LPG distributorships is worse. BPCL has terminated 33.33% of SC distributorships whereas IOC has terminated 22.78% of SC distributorships. In case of STs, the percentage of LPG distributorships terminated by BPCL and IOC is comparatively low. The Committee strongly feel that the number of RO dealerships and LPG distributorships terminated in case of SCs and STs are quite overwhelming while the number of cases revived after review is very dismal. The Committee are aware of the fact that on some pretext or other, SC/ST Retail Outlet dealers/LPG distributors have been put to great inconvenience just because they belong to SC/ST communities. In such circumstances, it is very hard to agree with the representative of the Ministry when he asserted that OMCs try to protect the interest of SCs and STs by ensuring that approval for action against them is obtained at a higher level. Had there been no prejudice, there should not be such a high number of termination of RO dealerships and LPG distributorships belonging to SCs and STs. The Committee view that the yardstick used to terminate cases of SCs and STs are not without prejudice. If the whole process of termination is free from discrimination and manipulation then some bottlenecks would be created to stall revival of Dealerships/Distributorships. The Committee are of the view that if the purpose of allotting RO dealerships/LPG distributorships is to help the socio-economic development of SCs and STs, termination of dealerships/distributorships belonging to SCs and STs on mere accusation should not

happen. The Committee feel that it should be the responsibility of OMCs to help the SC/ST dealers/distributors to become self sufficient. The Committee, therefore, urge upon OMCs that before resorting to termination of dealerships belonging to SCs and STs for alleged violation of any provision as per the Selling Licence dealerships/distributorships agreement or Marketing Discipline Guidelines, proper investigation should be carried out at the highest level with a room for an appeal by the accused even to the Ministry. If appeal is made by the accused, his plea should also be investigated thoroughly so that full justice is meted out to all concerned. However, if during investigation, the allegation against SC/ST RO dealership/LPG distributorship is proven to be true, they should be given time to amend their shortcomings with a stern warning in the first instance. If the warning is not heeded, hefty fine should be imposed in the second instance with a warning for suspension and in the third instance with a dire consequence of termination. The Committee, therefore, recommend that OMCs should resort to terminate of dealerships/distributorships belonging to SCs and STs only after proper investigation by non-partisan officer is carried out both under Selling Licence/Dealership/Distributorship agreement and Marketing Discipline Guidelines and that the grounds of allegations are found to be valid and duly approved by the highest authority. Otherwise, it should never be resorted to on flimsy grounds of allegations/ complaints and without proper investigation.

Reply of the Government

1.21 All cases of terminations are examined and after scrutiny at various levels are approved based on merit of the case and specific facts/backgrounds of the case. While approving termination, sufficient opportunity is given to the dealers to explain his position following principles of natural justice and provisions of agreement. In respect of dealership/distributorship under SC/ST category, approval for termination is taken only at the level of

Director (Marketing), whereas other cases for termination under other categories taken at a lower level, i.e., Executive Director / State Head. Further, there is a process in place for reference of terminated cases to Arbitration and in cases of dealership / distributorship under SC/ST category, only a Director in the Board other than the Director (Marketing) can be appointed as the Arbitrator. It may be stated here that action against any defaulting dealership / distributorship is taken in accordance with the Marketing Discipline Guidelines (MDG) which equally applies to all dealerships / distributorships irrespective of the categories.

Comments of the Committee

1.22 The Committee note that decisions to terminate dealerships/distributorships are taken after examination of the cases and scrutiny at various levels are approved based on merit of the case and specific facts/backgrounds of the case. However, the main concern of the Committee is whether the extent of the process of investigation before the final decision was arrived at was fair, transparent and impartial as most of the representations/complaints received from aggrieved SC/ST proprietors mention about biasness, discriminatory and vindictive attitude of the investigating officers at various level of investigation. The Committee, therefore, urge the Government that before a final decision for termination of SC/ST RO dealerships/LPG distributorships are taken, it should ensure that the process of investigation was fair and free from biasness, vindictiveness and discrimination and conducted in the most transparent manner.

Maintenance of Rosters

Recommendation (Sl. No. 17, Para No. 4.14)

1.23 The Committee note that a 100 point roster is maintained by the OMCs in allotment of retail outlets to Scheduled Castes and Scheduled Tribes and other reserved categories. The Committee, however, note that no specific Liaison Officer has been appointed in OMCs to inspect the roster. The Committee find it strange that only recently a senior officer of the Ministry has been nominated to check the roster maintained by OMCs for reservation of SCs/STs in allotment of Retail Outlets to SCs/STs. The Committee view this as laxity on the part of the Government in discharge of its duties and strongly condemn the casual approach of the Ministry towards welfare of SCs and STs. The Committee view the roster as a very important document as far as the welfare and interest of SCs and STs are concerned as it determines the points at which allotment of Retail Outlets and LPG distributorships for SCs and STs have to be placed. Even, slight miscalculation of roster points and wrong placement of reserved points in the roster may cause very dear for the SC/ST people. The Committee, therefore, urge the Government and OMCs to treat the roster as a very important documents. It is, therefore, required to appoint a Liaison Officer not only in the Ministry but also in each OMC to ensure proper implementation of the reservation orders and to regularly inspect rosters maintained by the OMCs to ensure that they are maintained in accordance with the rules laid down for the purpose. After every inspection, rosters should be signed and stamped. The Committee, therefore, recommend that each OMC should nominate a Liaison Officer who will ensure that the prescribed percentage of SC/ST is maintained in each OMC. The Committee also recommend that Liaison Officer in the Ministry should inspect the rosters maintained by the OMCs regularly and the record of inspection and inspection reports are maintained. Cases of negligence of lapses in the matter of following reservation should be submitted to

the Secretary of the Ministry and also Heads of OMCs for direction. The Committee also desire that to ensure compliance by the OMCs, compliance reports should be furnished to the Ministry within a month of the inspection.

Reply of the Government

1.24 The marketing plan rosters prepared by the OMCs are inspected regularly by the designated officer of the Ministry to ensure compliance of reservation for SC/ST category and other social objective categories in the selection of dealership / distributorship of petroleum products.

Comments of the Committee

1.25 The Committee note that marketing plan rosters prepared by the OMCs are inspected regularly by the designated officer of the Ministry to ensure compliance of reservation for SC/ST category and other social objective categories in the selection of dealership/distributorship of petroleum products. The Committee desire that discrepancies, mistakes etc. noted during inspection should be brought to the knowledge of competent authority so that appropriate action are taken expeditiously.

Complaints/Grievances

Recommendation (Sl. No. 20, Para No. 4.24)

1.26 The Committee note that quite a large number of complaints/grievances have been received in OMCs in regard to selection of RO dealerships in locations reserved for SCs and STs. BPCL had received a total of 73 complaints during the period from 2004-05 to 2007-08 and that all complaints are reported to be disposed of. HPCL had received a total of 266 complaints during the same period but 14 complaints are reported to be pending which include 8 complaints pertaining to the year 2004-05. IOC has reported that it received 269 complaints out of which 6 are still pending which include one pertaining to

the year 2004-05. In case of LPG distributorships, BPCL received 7 complaints out of which 3 (including one sub-judice case) from the year 2004-05 are still pending. HPCL received 20 complaints for LPG distributorships in the year 2007-08 out of which 6 complaints are still to be redressed. The Committee note that IOC received 5 complaints during the period from the year 2004-05 to 2007-08 and all is reported to have been resolved. The Committee are dismayed by the fact that quite a large number of complaints/grievances have been received in respect of RO dealership and that it is a matter of great concern that complaints/grievances received in the year 2004-05, 2005-06 and 2006-07 were still pending in HPCL and IOC. The Committee would like to know the reasons as to why such complaints/grievances are pending for such a long time. The details of all these pending cases mentioned above should be furnished alongwith action taken on each complaint to the Committee. The Committee also recommend that BPCL and HPCL should furnish the details of pending cases mentioned above alongwith action taken in each complaint. The Committee should also be provided with the details of complaints/grievances received during the year 2008-09 to 2009-10 in regard to RO dealership/LPG distributorship in respect of locations reserved for SCs/STs.

Reply of Government

1.27 IOC has received 65 complaints against selection of Retail Outlet dealership under SC/ST categories during 2008-09 and 2009- 2010. Out of these, 35 complaints were not established. 9 established cases have been closed after investigation and after taking necessary action in line with the approval of Competent Authority. 21 complaints are in the process of investigation.

1.28 HPCL has received 9 complaints against selection of Retail Outlet dealership under SC/ST category during the year 2008-09 and 2009-10. Out of these, 6 complaints were not established and closed. The remaining 3 complaints are pending for disposal.

1.29 BPCL has received 156 complaints against selection of RO dealership during 2008-09 and 2009-10, out of which 45 cases has been disposed of. The corporation has also received 17 complaints against selection LPG distributorship under SC/ST category out of which 9 cases have been disposed of.

1.30 Various reasons for delay in disposing of complaints are non-cooperation by the complainants / candidates being investigated, delay in obtaining requisite reply from State Governments / authorities regarding status of caste/tribe/ educational qualification, court cases filed by selected candidates, delay in obtaining advice from CVC, etc.

Comments of the Committee

1.31 The Committee are surprised to note that details of complaints/grievances pertaining to SCs/STs pending from the period 2004-05 to 2007-08 alongwith action taken on each complaint have not been furnished whereas information on complaints received against selection of Retail Outlets and LPG distributorships under SC/ST categories pertaining to the years 2008-09 and 2009-10 have been furnished. On perusal of the information on the disposal of pending cases of complaints for the years 2008-09 and 2009-10, the Committee note that IOC had received 65 complaints relating to selection of RO dealerships for SCs/STs out of which 21 cases were still in the process of investigation. HPCL had also received 9 complaints pertaining to selection of RO dealerships during the same period out of which 3 cases are still pending for disposal. BPCL had received 156 complaints against selection of RO dealerships under SC/ST category, out of which 45 cases had been disposed of and 111 cases were still pending. Similarly, it is noted that BPCL had received 17 complaints against selection of LPG distributorships under SC/ST category during the same period and that 9 cases had been disposed of and 8 cases were still pending. The reasons stated for delay in disposing of

complaints are not so convincing and the Committee are inclined to think that the Government and the OMCs are either not fully equipped to tackle these kind of complaints or it may be due to laxity on the part of officials of the OMCs. Having noted that the Government have not furnished the details of each complaint for the years 2004-05 to 2007-08, the Committee reiterate their earlier recommendation and also urge upon the Government to prevail upon the OMCs to settle all the pending cases without any further delay and inform the Committee of the latest position of all these cases within three months of the presentation of this report.

Recommendation (Sl. No. 21, Para No. 4.25)

1.32 The Committee note that complaints regarding selection, delay in commissioning and unfair treatment by the officials of the OMCs and others are given to the regulator who carry out independent investigation and submit the report to the Ministry. Based on the report, the Ministry recommend to the Company either for termination or for suspension. In spite of this arrangements, many SC/ST proprietors of retail outlets and LPG distributorships do not seem to be satisfied with the report of such investigations and write complaints to the Committee requesting for redressal of their grievances. These grievances are against unfair treatment and harassment by Company officials, frequent inspection against SC/ST distributors, delay in commissioning of projects, arbitrary and anti-reservation policies of the OMCs and non-availability of Corpus Fund when required and even threat from unscrupulous elements of the society to close down their RO dealership/LPG distributorship or face dire consequences. It is a pity that many SC and ST dealers/distributors instead of getting support and help from the Government are alleged to be victimized by officials of OMCs at the time of investigations. The Committee view the policy of the OMCs to carry out frequent inspection against SC/ST distributors as discriminatory and therefore urge the Government to restrain the OMCs from carrying out

frequent inspections against them. The Committee, are, therefore, of the view that if SC/ST owners of petrol pumps and Gas agencies are not satisfied with the report of investigations carried out by regulator, they should be allowed to appeal for a second investigation. The Committee, therefore, recommend that before an approval for termination of suspension of SC/ST dealerships or distributorships is given, the Ministry should constitute a team to investigate the case afresh in view of the contentious issues raised by the SC/ST dealers/distributors so that justice is meted out to them. Only after such investigations, if the charge is proved then only the Government shall take steps to terminate/suspend those SC/ST dealerships/distributorships.

Reply of the Government

1.33 All cases of terminations are examined and after scrutiny at various levels are approved based on merit of the case and specific facts/backgrounds of the case. While approving termination, sufficient opportunity is given to the dealers to explain his position following principles of natural justice and provisions of agreement. In respect of dealership/distributorship under SC/ST category, approval for termination is taken only at the level of Director (Marketing), whereas other cases for termination under other categories taken at a lower level, i.e., Executive Director / State Head. Further, there is a process in place for reference of terminated cases to Arbitration and in cases of dealership/distributorship under SC/ST category, only a Director in the Board other than the Director (Marketing) can be appointed as the Arbitrator. It may be stated here that action against any defaulting dealership/distributorship is taken in accordance with the Marketing Discipline Guidelines (MDG) which equally applies to all dealerships/distributorships irrespective of the categories.

1.34 Under the MDG, officers of OMCs are supposed to carry out inspection periodically to ensure proper functioning of RO dealership / LPG distributorship. There is no discrimination against dealership / distributorship under any category.

Comments of the Committee

1.35 The main concern of the Committee is the way the investigation process is carried out by the regulator of the OMCs. The Committee note that the machinery in place to take decisions for termination is apparently good but at the ground level the various factors involved in the investigation is highly questionable because many representations from SC/ST proprietors of ROs dealerships/LPG distributorships received by the Committee have leveled serious allegations against officials of the OMCs. Most of these complaints relate to unfair treatment and harassment by Company officials, frequent inspection, arbitrary and anti-reservation policies of the OMCs, threat to close down dealerships and distributorships from unscrupulous elements of the society, victimization by officials of OMCs etc. Some complaints relate to delay in commissioning of ROs despite selection. The Committee are of the view that commissioning of ROs should not be delayed once the selection is made and nothing in this regard has been forthcoming in the reply. The decision to take termination of SCs/STs dealerships/distributorships might be taken only at the level of Director (Marketing) but if such decision is taken on the basis of biased and discriminatory reports what good will it serve for the SCs and STs and where will they go for justice. In such a situation it is hard to believe that there is no discrimination against SC/ST dealership/distributorship as stated by the Government. The Committee, therefore, recommend that there should not be delay in commissioning ROs and reiterate if SC/ST owners of petrol pumps and gas

agencies are not satisfied with the report of the investigations carried out by the regulator they should be allowed to appeal for a second investigation and the Government before taking decision to terminate the cases should constitute its own team to conduct a fresh investigation in view of the contentious issues raised by the SC/ST dealers/distributors so that truth prevails over all these allegations.

Recommendation (Sl. No. 22, Para No. 4.26)

1.36 The Committee also urge the Government to give proper attention to the problems faced by the SC/ST proprietor of petrol pumps and gas agencies. In view of the threats posed by rival operators who resort to unfair trade practices and intimidation by using the service of unscrupulous elements of the society, proper security should be provided to them.

Reply of the Government

1.37 Ministry / OMCs are giving proper attention to the problems faced by SC/ST dealers /distributors. Special trainings are imparted to SC/ST dealers / distributors after their selection / appointment to make them aware of their rights as well as their duties and responsibilities as a dealer / distributor. On receipt of any complaints from any dealers / distributors regarding threat or intimidation by anti-social elements, OMCs immediately report the matter to the concerned local / police authorities.

Comments of the Committee

1.38 The Committee appreciate that the Ministry/OMCs are giving emphasis on imparting special trainings to SC/ST dealers/distributors after their selection/ appointment to make them aware of their rights as well as their duties and responsibilities. The Committee also desire that training on entrepreneurships should also be imparted so as to enable them to run their enterprise successfully.

Recommendation (Sl. No. 23, Para No. 4.27)

1.39 The Committee further note that complaints on selection of RO dealerships/LPG distributorships received in respect of locations reserved for SCs/STs are also investigated by Chief Vigilance Officer of OMCs. During the year 2004-05, 2005-06, 2006-07 and 2007-08, it has been found that one case in regard to RO dealership in respect of IOC and one case in regard to LPG distributorship in respect of BPCL were pending. The Committee desire that the investigation carried out by the CVO of the Company should be expedited and completed within a fixed time period and the outcome of the investigation in those two cases should be intimated to this Committee.

Reply of the Government

1.40 Regarding the case pertaining to IOC, on the basis of complaint received against RO dealership selection at location Kunlamuthur, Coimbatore District (Tamilnadu), it is submitted that the case was registered for detailed investigation by CVO, IOCL. The CVO has observed that there were discrepancies in the selection process and recommended for cancellation of the selection. Accordingly, IOC has cancelled the selection and has also withdrawn the Letter of Intent (LOI).

1.41 Regarding the case that pertains to BPCL relating to selection of distributorship at Goomdypondi reserved under SC category, it may be noted that the report of CVO, BPCL has been forwarded to Central Vigilance Commission (CVC) and further action will be taken by BPCL on receipt of advice from CVC

Comments of the Committee

1.42 The Committee should be informed of the decision taken by Central Vigilance Commission (CVC) on the report of CVO, BPCL in the case of selection of distributorship under SC category as also action taken by BPCL thereon.

Retail Outlets and Benami Operations

Recommendation (Sl. No. 25 & 26, Para Nos. 4.35 & 4.36)

1.43 The Committee note that OMCs have issued guidelines to field offices to ensure that no benami operations take place. It has also been stated that monitoring is being done at the field level to curb the growth of benami operations. However, the present measures taken by the OMCs do not seem to be enough as it is alleged that many retail outlets and gas agencies allotted in the names of SCs/STs are being run by others. By not providing the detailed information as requisitioned by the Committee, the Ministry and OMCs have provided an opportunity to think that there is definitely some basis in the allegation otherwise why should they make an excuse not to furnish the information. The Committee recommend the Ministry to provide the details in regard to RO dealerships/LPG distributorships allotted in respect of locations reserved for SCs/STs till 2009-10.

1.44 The Committee are also surprised to note that no reply has been given in regard to a query as to whether any survey was conducted in this regard. The Committee are quite apprehensive about the effectiveness of the methodology and procedure adopted by the OMCs to check benami operations. The Committee, therefore, desire that the Government should take serious efforts to check the growth of benami operations. Running of petrol pumps and gas agencies in the name of SC and ST people by others not only deprives many deserving SC/ST people an opportunity to ameliorate their socio-economic conditions, but also reflects the attitude of a handful persons in the society who do not care for the socio-economic development of the SC/ST people. The Committee view it as a serious crime and needs to be dealt under criminal laws. The Committee, therefore, recommend that the Ministry should take an initiative in consultation with the OMCs to constitute a committee to conduct a survey through out the country to find out the details of every RO dealership/LPG distributorship especially those locations which were

allotted to SC/ST people so as to take criminal action against those people who have been indulging in such crime. The Committee should also be asked to find out how the benami operations had occurred and how it can be stopped in future. As soon as it is proved that petrol pumps and gas agencies operated in the names of SC/ST people are not owned by the genuine SC/ST people, action to terminate the same should be taken immediately and FIR should be filed against those persons. At the same time action to allot the same RO dealership/LPG distributorship to genuine SC/ST people should be taken without delay. The Committee also recommend that if during the survey, involvement of officials of the Ministry and OMCs comes to light, stringent action should also be taken against them. The Committee further recommend that the Government should undertake this exercise within one month of the presentation of this report in both the Houses of the Parliament and should also apprise the Committee of the progress made. To check the growth of benami operations, the Committee further recommend that OMCs should make it mandatory for all petrol pumps and gas agencies to display the names of all proprietors alongwith their photographs. A guideline in this regard should be issued to all RO dealers/LPG distributors for compliance and in case they fail to comply, stringent action against those proprietors should be taken.

Reply of the Government

1.45 IOCL has allotted 1798 Retail Outlet dealership and 708 LPG distributorships to SC/ST candidates till 2009-10 under its Marketing Plans, BPCL has allotted 1037 RO dealership and 592 LPG distributorships. HPCL has also allotted 1778 RO dealerships and 367 LPG distributorships.

1.46 Detection of 'benami' operation, just like any other irregularities in the operation of dealership / distributorship, is an ongoing process conducted from time to time based on complaints and information received by the OMCs. Further, Sales Officers of the OMCs

conduct periodical routine inspections to ensure proper functioning of the dealership / distributorship and to ensure that they are operated by authorized persons only. Action is taken by OMCs whenever any irregularity, including 'benami' operation, is detected. After a dealership / distributorship allotted under SC/ST category is terminated for any reason, then the same would be handed over to the pending LOI holder under SC/ST category or advertised under SC/ST category. This ensures that the percentage of reservation is maintained. The Marketing Discipline Guidelines (MDG) are equally applicable to all the dealerships / distributorships irrespective of the categories of allotment. OMCs would issue guidelines to make it mandatory for all RO dealerships and LPG distributorships to display the name and photograph of the proprietor on the premises.

Comments of the Committee

1.47 The Committee have now been provided with the number of Retail Outlets and LPG Distributorships allotted to SCs/STs by IOCL, BPCL and HPCL throughout the country till 2009-10. The number of ROs allotted to SCs/STs is 1798 by IOCL, 1037 by BPCL and 1778 by HPCL totaling to 4613. The number of LPG distributorship allotted to SCs/STs is 708 by IOCL, 592 by BPCL and 367 by HPCL totaling to 1667. Earlier, the Committee were informed that there are approximately 34,000 RO dealership and 9,000 distributorship of different OMCs. Taking into account that throughout the country, the total ROs were 34,000, the Committee feel that 4613 ROs allotted to SCs/STs is only about 14% of total ROs. Similarly, the total LPG distributorship was reported to be 9,000 out of which 1667 allotted to SCs/STs is only about 19% of total distributorships. While appreciating the OMCs provided the details of ROs and LPG dealership allotted by OMCs all over the country including allotment made to SCs/STs, the Committee observe that 14% of ROs and 19% of LPG distributorship allotted to SCs/STs are well below the

prescribed percentage of 25%. The Committee would, therefore, like the Ministry to ensure that OMCs provide more ROs and LPG distributorship to genuine SCs/STs to maintain 25% of reservation in allotment.

1.48 Having been aware of the fact that there are cases of ROs and LPG distributorships allotted to SCs/STs are actually owned by other people, the Committee had opined that to check the growth of benami operations, the Ministry in consultation with OMCs should constitute a Committee to conduct a survey throughout the country to take criminal action against those people who have been indulging in such crime. The Committee, however, note with dismay that the Ministry treat the benami operation just like any one of the irregularities, whereas the Committee feel it is a serious criminal offence. By treating benami operation as any other irregularities, the objective of providing socio-economic development of SCs/STs gets lost. Taking advantage of illiterate SCs/STs who lack financial capital and entrepreneur skill to run RO dealerships and LPG distributorships and making them owners in paper only is a fraudulent act. The Committee, therefore, reiterate their earlier recommendation. The Committee also would like to know whether guidelines issued to make it mandatory for all ROs and LPG distributorship to display the names, addresses and photographs of the proprietors on their premises have been complied with.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 2, Para No. 1.10)

2.1 The Committee view the selection guidelines adopted by the OMCs as a very important document on the setting up Retail Outlets Dealerships/LPG Distributorships i.e. from selection to operationalisation. The Committee feel that since selection and allotment of Retail Outlet Dealerships/LPG Distributorships are made by the OMCs, it should be the bounden duty of the Government to oversee that all guidelines are strictly complied by them. The Committee, therefore, recommend that the Government should ask the OMCs to furnish compliance reports on implementation of the reservation related matters periodically so that they do not deviate from the guidelines.

Reply of the Government

2.2 The status and compliance report of implementation of reservation in the selection of dealership/distributorship are being furnished by OMCs to Ministry from time to time. Further, the marketing plan roster of OMCs are inspected by a designated officer of the Ministry regularly to ensure implementation of the reservation provided for SC/ST category and other social objective categories.

Recommendation (Sl. No. 4, Para No. 2.19)

2.3 The Committee also note that after deregulation of petroleum sector for LPG Distributorships, marketing plan and rosters are prepared on industry basis. It has, however, not been specifically explained the procedure as to how and who undertake the market plan for LPG Distributorship and prepare the roster thereof for the industry. The Committee should, therefore, be apprised of the details of marketing plans for LPG

Distributorship of last 5 years, the details of LPG Distributorship earmarked and commissioned in different States and UTs and the share of SCs/STs in this regard.

Reply of the Government

2.4 The locations are identified on Industry basis for setting up of distributorships. The locations are then allocated under different categories based on the Constituency in which the location is situated and the same is done State-wise with the view to ensure that 25% reservation is maintained. During the last 5 years, OMCs have finalized Marketing Plan 2004-07 for setting up of 837, LPG distributorships out of which 220 are reserved for SC/ST category.

Comments of the Committee

2.5 **Please see Para No. 1.10 of Chapter-I.**

Recommendation (Sl. No. 7, Para No. 2.32)

2.6 The Committee note that selection of RO Dealers/Distributors is conducted by the OMCs themselves as per their own guidelines which involves issue of public advertisement, interviews of eligible applicants and field verification. In regard to issue of advertisement when the Committee pointed out that publicity given for selection of SC/ST RO Dealerships and LPG Distributorships does not reach the targeted beneficiaries, the representative of the Ministry had readily agreed to review the whole process of publicity of selection of SC/ST Dealerships/Distributorships so as to ensure that the industry advertises the requisite information in such a way that it reaches the remotest corner of the country. The Committee expect that the verbal assurance given by the representative of the Government would be honoured while advertisements are brought out by the OMCs in the future. The Committee strongly desire that vigorous campaign should be launched especially in the rural areas to educate the rural people of the many advantages of LPG so

that more people are induced to use LPG for cooking purposes as also market for opening more LPG distributorship is created in those areas. The Committee, therefore, recommend that wide publicity for use of LPG for cooking purpose should go hand in hand with advertisement for LPG Dealership. Advertisements should be carried out in atleast two leading local vernacular newspapers. The Committee also desire that copies of advertisement for selection of RO Dealership/LPG Distributorship should be provided to members of the Parliamentary Committee on the Welfare of Scheduled Castes and Scheduled Tribes as also to the local councilor /MLAs/MPs of the local area for information. The Committee also desire that ample time should be given to SC/ST applicants, and assistance, if required in filling up the applicant should also be provided so that their applications are not rejected due to wrong information furnished out of ignorance.

Reply of the Government

2.7 Experience gained by the OMCs has proved that the current system of advertisement in at least two newspapers including one vernacular newspaper widely circulated in the area is considered sufficient to inform eligible and interested candidates. Especially, since the advertisements are more than a page long, which catch attention easily and cannot be missed. Currently, at least 30 days time is given to applicants for submitting application, which is considered sufficient for a candidate to submit application. Further, for rural ROs, advertisements are posted at the Government offices located in the advertised area, including the office of District Magistrate. In respect of rural LPG distributorship (RGGLV) selection will be done by inviting applications through advertisements in 2 vernacular newspapers – one with widest circulation in the State and other with widest circulation in District in which RGGLV is to be setup.

Comments of the Committee

2.8 **Please see Para No. 1.18 of Chapter-I.**

Recommendation (Sl. No. 8, Para No. 2.33)

2.9 The Committee are distressed to note that the information sought by them in regard to delay in announcing the result of an interview conducted by HPCL at Bhopal on 5th April 2005 for allocation of RO dealership has not be furnished despite the assurance given by the representative of the Ministry during evidence. The Committee take serious view of the matter and deplore the irresponsibility and contemptuous attitude shown to them. The Committee strongly recommend that the information sought by them should be furnished immediately.

Reply of the Government

2.10 Only one location was interviewed on 5th April, 2005 i.e. Junnardeve, Dist. Chindwara, MP. The result was displayed on the same day and LOI to the first empanelled candidate Shri Deepak Dhurve was issued on 9th May, 2005. The retail outlet was commissioned in November, 2006.

Recommendation (Sl. No. 11, Para No. 3.12)

2.11 The Committee note that infrastructure facilities including land procurement and development of retail outlet are being carried out by the oil companies. As already pointed out in para 2.15, there is difficulty in setting up dealerships in respect of SC/ST candidates due to non-availability of suitable lands. The Committee are of the view that unless OMCs scout for and procure suitable lands for RO Dealerships and LPG Distributorships for SCs/STs, the concessions/relaxations will be of no use. The Committee, therefore, urge the Ministry and the OMCs to first get the suitable lands for RO Dealerships/LPG Distributorships for SCs/STs so that concessions/relaxations enumerated in preceding paras will have real meaning.

Reply of the Government

2.12 Currently, advertisements for RO dealerships under SC/ST category are released only after finalization of land, in line with Ministry guidelines. However, in respect of LPG distributorships, it has been experienced by the OMCs that SC/STs candidates usually opted for their own investment and hence OMCs making investment in advance is not required.

Recommendation (Sl. No. 12, Para No. 3.16)

2.13 The Committee note that since 1992 'Corpus Fund Scheme' is available to members of Scheduled Castes and Scheduled Tribes who are allotted the Dealerships/Distributorships to run them. Under the scheme all expenditures on land, infrastructure facilities, etc. for setting up dealerships and distributorships are taken care of by the OMCs concerned and the dealerships/distributorships are handed to them in a ready condition. In addition, the OMCs provide interest bearing working capital loan to dealers/distributors to cover 7 days sale which is to be recovered in 100 monthly installments commencing from 13th month of operation. The Committee appreciate the assistance provided to the SC/ST allottee of RO dealerships and LPG distributorships by the OMCs and feel that it would considerably motivate many SC/ST people to undertake these ventures. The Committee also feel that there is an important factor which is very imperative for the successful operation of these projects. Imparting training for successful running of dealerships and distributorships is important since many SC/ST allottees will generally lack business acumen and if not given proper training the project will not succeed as desired. The Committee are, therefore, of the view that apart from financial assistance, providing trainings to the SC/ST allottees will be very integral to the success of these noble schemes provided to the SC/ST people for their economic development. The Committee, therefore, recommend that apart from financial assistance, the OMCs should

compulsorily provide necessary trainings to SC/ST allottees on running of retail outlets and gas agencies so that the purpose for which the Retail Dealerships/LPG Distributorships is given to them do not go in vain.

Reply of the Government

2.14 Field training and structured training is imparted to SC/ST LOI holders for running of RO dealership/LPG distributorships to enable them to understand all aspects of the business, such as retention of samples, proper storage of stocks, maintenance of accounts, checking and maintenance of quality and quantity of products, provisions of Marketing Discipline Guidelines (MDG), safety issues, customer care etc. Besides, refresher training is also conducted periodically by OMCs for the dealers/distributors.

Recommendation (Sl. No. 13, Para No. 3.17)

2.15 The Committee note that most of SC/ST candidates avail Corpus Fund facilities provided by the OMCs for setting up RO dealerships. The Committee are of the view that for many SCs and STs to own a retail outlet dealership is a big project which requires huge capital to set up. Therefore, many of the SCs and STs, except for few educated ones, are not inclined to apply for dealerships/distributorships which involve huge capital investment. The Committee opine that many SCs and STs are still oblivious of the fact that a Corpus Fund Scheme and other assistance are provided by the OMCs to set up dealerships/distributorships. The Committee, therefore, recommend that to attract as many as deserving educated unemployed SC/ST candidates to apply for dealerships/distributorships, the various assistance, facilities concessions and especially the Corpus Fund Scheme should be clearly highlighted in the advertisement for inviting applications. The Committee also recommend that the OMCs should clearly spell out and give assurance that SC/ST applicants will be provided all assistance under the Corpus Fund Scheme, if selected, for dealerships/distributorships.

Reply of the Government

2.16 OMCs are already providing assistance in line with gazette notification of 1992 of Government of India for Corpus Fund Scheme and details are included in the advertisements/websites and also in the Letter of Intent (LOI) issued to the selected candidates.

Recommendation (Sl. No. 15 & 16, Para No. 4.9 & 4.10)

2.17 During the year 2004-05 to 2007-08, BPCL had terminated a total of 119 RO dealerships out of which 11 belonged to SCs and 3 to STs. During the same period, BPCL revived a total of 3 RO dealerships but it did not include the dealerships belonging to SC and STs. Similarly, during the year 2004-05 to 2007-08, BPCL had terminated a total of 36 LPG distributorships, out of which 12 belonged to SCs and 2 to STs. However, the Committee note that only 3 LPG distributorships have been revived out of which two belonged to SCs and one to ST respectively. In case of HPCL, the total number of RO dealerships terminated during the year 2004-05 to 2007-08 is 208, out of which 32 RO dealerships belong to SCs and 6 to STs. A total of 4 RO dealerships had been revived by HPCL during the same period but none belonged to SCs and STs. In regard to the LPG distributorships, HPCL does not seem to have any problem as it did not terminate any distributorship during the said period. The Committee observe that in case of IOC the total number of terminated RO dealerships during the same period is 352 which included 21 belonging to SCs and 7 to STs. The number of revived RO dealerships is only 9 but it does not include RO dealerships owned by SCs/STs. A total of 66 LPG distributorships were terminated by IOC during the year 2004-05 to 2007-08 out of which 15 belonged to SCs and 4 to STs.

2.18 On analysis, it is observed that 10.09% and 2.52% of RO dealerships belonging to SCs and STs respectively had been terminated by BPCL. The RO dealerships terminated by HPCL included 15.38% belonging to SCs and 2.88% belonging to STs. The percentage of termination of RO dealerships belonging to SCs and STs by IOC is 5.96% and 1.98% respectively. The position is termination in case of LPG distributorships is worse. BPCL has terminated 33.33% of SC distributorships whereas IOC has terminated 22.78% of SC distributorships. In case of STs, the percentage of LPG distributorships terminated by BPCL and IOC is comparatively low. The Committee strongly feel that the number of RO dealerships and LPG distributorships terminated in case of SCs and STs are quite overwhelming while the number of cases revived after review is very dismal. The Committee are aware of the fact that on some pretext or other, SC/ST Retail Outlet dealers/LPG distributors have been put to great inconvenience just because they belong to SC/ST communities. In such circumstances, it is very hard to agree with the representative of the Ministry when he asserted that OMCs try to protect the interest of SCs and STs by ensuring that approval for action against them is obtained at a higher level. Had there been no prejudice, there should not be such a high number of termination of RO dealerships and LPG distributorships belonging to SCs and STs. The Committee view that the yardstick used to terminate cases of SCs and STs are not without prejudice. If the whole process of termination is free from discrimination and manipulation then some bottlenecks would be created to stall revival of Dealerships/Distributorships. The Committee are of the view that if the purpose of allotting RO dealerships/LPG distributorships is to help the socio-economic development of SCs and STs, termination of dealerships/distributorships belonging to SCs and STs on mere accusation should not happen. The Committee feel that it should be the responsibility of OMCs to help the SC/ST dealers/distributors to become self sufficient. The Committee, therefore, urge upon OMCs that before resorting to termination of dealerships belonging to SCs and STs for

alleged violation of any provision as per the Selling Licence dealerships/distributorships agreement or Marketing Discipline Guidelines, proper investigation should be carried out at the highest level with a room for an appeal by the accused even to the Ministry. If appeal is made by the accused, his plea should also be investigated thoroughly so that full justice is meted out to all concerned. However, if during the investigation, the allegation against SC/ST RO dealership/LPG distributorship is proven to be true, they should be given time to amend their shortcomings with a stern warning in the first instance. If the warning is not heeded, hefty fine should be imposed in the second instance with a warning for suspension and in the third instance with a dire consequence of termination. The Committee, therefore, recommend that OMCs should resort to terminate of dealerships/distributorships belonging to SCs and STs only after proper investigation by non-partisan officer is carried out both under Selling Licence/Dealership/Distributorship agreement and Marketing Discipline Guidelines and that the grounds of allegations are found to be valid and duly approved by the highest authority. Otherwise, it should never be resorted to on flimsy grounds of allegations/complaints and without proper investigation.

Reply of the Government

2.19 All cases of terminations are examined and after scrutiny at various levels are approved based on merit of the case and specific facts/backgrounds of the case. While approving termination, sufficient opportunity is given to the dealers to explain his position following principles of natural justice and provisions of agreement. In respect of dealership/distributorship under SC/ST category, approval for termination is taken only at the level of Director (Marketing), whereas other cases for termination under other categories taken at a lower level, i.e., Executive Director / State Head. Further, there is a process in place for reference of terminated cases to Arbitration and in cases of dealership / distributorship

under SC/ST category, only a Director in the Board other than the Director (Marketing) can be appointed as the Arbitrator. It may be stated here that action against any defaulting dealership / distributorship is taken in accordance with the Marketing Discipline Guidelines (MDG) which equally applies to all dealerships / distributorships irrespective of the categories.

Comments of the Committee

2.20 **Please see Para No. 1.22 of Chapter – I.**

Recommendation (Sl. No. 17, Para No. 4.14)

2.21 The Committee note that a 100 point roster is maintained by the OMCs in allotment of retail outlets to Scheduled Castes and Scheduled Tribes and other reserved categories. The Committee, however, note that no specific Liaison Officer has been appointed in OMCs to inspect the roster. The Committee find it strange that only recently a senior officer of the Ministry has been nominated to check the roster maintained by OMCs for reservation of SCs/STs in allotment of Retail Outlets to SCs/STs. The Committee view this as laxity on the part of the Government in discharge of its duties and strongly condemn the casual approach of the Ministry towards welfare of SCs and STs. The Committee view the roster as a very important document as far as the welfare and interest of SCs and STs are concerned as it determines the points at which allotment of Retail Outlets and LPG distributorships for SCs and STs have to be placed. Even, slight miscalculation of roster points and wrong placement of reserved points in the roster may cause very dear for the SC/ST people. The Committee, therefore, urge the Government and OMCs to treat the roster as a very important documents. It is, therefore, required to appoint a Liaison Officer not only in the Ministry but also in each OMC to ensure proper implementation of the reservation orders and to regularly inspect rosters maintained by the OMCs to ensure that they are maintained in accordance with the rules laid down for the

purpose. After every inspection, rosters should be signed and stamped. The Committee, therefore, recommend that each OMC should nominate a Liaison Officer who will ensure that the prescribed percentage of SC/ST is maintained in each OMC. The Committee also recommend that Liaison Officer in the Ministry should inspect the rosters maintained by the OMCs regularly and the record of inspection and inspection reports are maintained. Cases of negligence or lapses in the matter of following reservation should be submitted to the Secretary of the Ministry and also Heads of OMCs for direction. The Committee also desire that to ensure compliance by the OMCs, compliance reports should be furnished to the Ministry within a month of the inspection.

Reply of the Government

2.22 The marketing plan rosters prepared by the OMCs are inspected regularly by the designated officer of the Ministry to ensure compliance of reservation for SC/ST category and other social objective categories in the selection of dealership / distributorship of petroleum products.

Comments of the Committee

2.23 **Please see Para No. 1.25 of Chapter – I.**

Recommendation (Sl. No. 18, Para No. 4.15)

2.24 The Committee are also in the dark as to how the rosters used for allotment of LPG distributorships are maintained State-wise on industry basis. The Committee should be apprised as to why rosters for LPG distributorships are maintained on industry basis.

Reply of the Government

2.25 Location for setting up of LPG distributorship for a State are identified by the Industry jointly. The identified locations are then rostered as per the 100-point roster. The rostered locations are then distributed among IOC, BPC and HPC in the ratio of about 50:25:25 on all India basis. Once all the 100 roster serial numbers are completed then

only the percentage reservation would be achieved for a particular state. Therefore all the identified locations are first rostered and then distributed among the OMCs. IOC is the coordinator and maintains the roster on Industry basis. During the last 5 years, Industry has finalized Marketing Plan 2004-07 for setting up of 837, LPG distributorships out of which 220 are reserved for SC/ST category.

Recommendation (Sl. No. 19, Para No. 4.23)

2.26 The Committee note that complaints regarding selection of dealers/distributors have to be submitted to the concerned OMCs within 30 days from the day of publication of the results. The Committee also note that complaints received are mostly on allegation of submission of false certificates/information by selected candidates. The Committee further note that actions against erring officers are not mentioned. However, the Committee have this to say that if allegations of submission of false caste certificates by selected candidates is true, then, it amounts to crime which deserves to be dealt with as per criminal laws. Moreover, candidates getting selected for allotment of dealerships/distributorships by furnishing false caste certificates will deprive the genuine SC/ST candidates of their legitimate right to own a dealership/distributorship. The Committee, therefore, recommend that at the time of selection of candidates all documents including caste certificates should be thoroughly scrutinized so that selection is not made on the basis of false caste certificates. The Committee also stress that a SC/ST member should be included on the Selection Board as already recommended at para 2.25. The Committee, also recommend that even after the operationalisation of the RO dealership/LPG distributorship, if it is found that the proprietor has obtained such dealership/distributorship on the basis of false caste certificate, the OMCs should out rightly cancel his proprietorship and criminal proceedings should be initiated against him.

At the same time, action to allot that dealerships/distributorships to other eligible SC/ST candidate should be initiated at the earliest.

Reply of the Government

2.27 All complaints against selection including submission of false caste certificates are investigated and action is taken as per grievance redressal procedure. As regards any false information/forged documents submitted by the applicant alongwith application, the dealership/distributorship is liable for termination even after commissioning. In case of cancellation of empanelment of a candidate, LOI is issued to next empanelled candidate. In case of termination, after expiry of a period of one year, the dealership/distributorship is awarded to pending LOI holders under SC/ST category, or alternatively advertisement under SC/ST category.

Recommendation (Sl. No. 22, Para No. 4.26)

2.28 The Committee also urge the Government to give proper attention to the problems faced by the SC/ST proprietor of petrol pumps and gas agencies. In view of the threats posed by rival operators who resort to unfair trade practices and intimidation by using the service of unscrupulous elements of the society, proper security should be provided to them.

Reply of the Government

2.29 Ministry/OMCs are giving proper attention to the problems faced by SC/ST dealers/distributors. Special trainings are imparted to SC/ST dealers/distributors after their selection/appointment to make them aware of their rights as well as their duties and responsibilities as a dealer / distributor. On receipt of any complaints from any dealers/distributors regarding threat or intimidation by anti-social elements, OMCs immediately report the matter to the concerned local/police authorities.

Comments of the Committee

2.30 **Please see Para No. 1.38 of Chapter – I.**

Recommendation (Sl. No. 23, Para No. 4.27)

2.31 The Committee further note that complaints on selection of RO dealerships/LPG distributorships received in respect of locations reserved for SCs/STs are also investigated by Chief Vigilance Officer of OMCs. During the year 2004-05, 2005-06, 2006-07 and 2007-08, it has been found that one case in regard to RO dealership in respect of IOC and one case in regard to LPG distributorship in respect of BPCL were pending. The Committee desire that the investigation carried out by the CVO of the Company should be expedited and completed within a fixed time period and the outcome of the investigation in those two cases should be intimated to this Committee.

Reply of the Government

2.32 Regarding the case pertaining to IOC, on the basis of complaint received against RO dealership selection at location Kunlamuthur, Coimbatore District (Tamilnadu), it is submitted that the case was registered for detailed investigation by CVO, IOCL. The CVO has observed that there were discrepancies in the selection process and recommended for cancellation of the selection. Accordingly, IOC has cancelled the selection and has also withdrawn the Letter of Intent (LOI).

2.33 Regarding the case that pertains to BPCL relating to selection of distributorship at Goomdypondi reserved under SC category, it may be noted that the report of CVO, BPCL has been forwarded to Central Vigilance Commission (CVC) and further action will be taken by BPCL on receipt of advice from CVC.

Comments of the Committee

2.34 **Please see Para No. 1.42 of Chapter – I.**

Recommendation (Sl. No. 24, Para No. 4.34)

2.35 The Committee had specifically asked the Ministry to furnish the total number of RO dealerships/LPG distributorships allotted by the various OMCs in various States/UTs along with the names of OMCs, Agencies and Owners mentioning therein also the status of category. The Ministry, however, furnished only the number of RO dealership and LPG distributorship allotted by the various OMCs in different States/UTs as also the number of such dealerships and distributorships allotted to SC/ST categories. The information in regard to details of names of OMCs, Agencies and owners of RO dealerships and LPG distributorships was again sought. However, the information was again not provided on the plea that there are approximately 34000 RO dealerships and 9000 LPG distributorships of different OMCs and that the details containing names/partners and their addresses are available with Director (Marketing) of the respective OMCs. The Committee are astonished by the casual reply given by the Ministry which implied that the Committee should visit the designated officer of each OMC to examine the list requisitioned by them. The Ministry should take note of the fact that this Parliamentary Committee is also empowered to send for persons, papers and records from the Ministry. The only exception for refusing to produce a document is on the ground that its disclosure could be pre-judicial to the safety and the interest of the State. Submission of details of names of RO dealerships and LPG distributorships would definitely not have prejudiced the safety and interest of the State. The plea of the Ministry seems to be an excuse to discourage the Committee from its objective to examine that the allotment made in the genuine SC/ST people and that they are also the actual owners of RO dealerships/LPG distributorships. The Committee strongly condemn the deplorable attitude of the Ministry and the OMCs and treating a Parliamentary Committee in disdainful manner.

Reply of the Government

2.36 Ministry has the highest regard for the Committee and there is no intention, whatsoever, on the part of the Ministry to undermine the authority of the Committee. Ministry deeply regrets its failure to provide the requisite information on earlier occasions due to the sheer voluminous nature of the said information. The recommendations of the Committee in this regard have been noted for immediate compliance and now the details of RO dealerships/LPG distributorships in the country is being compiled by OMCs and will be submitted to the by the Ministry to the Committee by 30.10.2010.

CHAPTER III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 1.9)

3.1 The Committee note that since 1977, 25% reservation for SCs/STs is being provided in the allotment of Dealership/Distributorship of petroleum products. Till deregulation of the petroleum sector in 2002, the Ministry prepared 100 point roster in which 25% reservations for SCs/STs was kept. Subsequent to dismantling of Administered pricing Mechanism (APM) w.e.f. 1.4.2002, the same roster is stated to be continued by Oil Marketing Companies (OMCs). The Committee further note that subsequent to dismantling of APM, the Ministry of Petroleum & Natural Gas has no role in the selection of Dealers/Distributorships of petroleum products except to issue broad policy guidelines on the basis of which the Public Sector OMCs frame their own detailed selection guidelines. It was stated that selection guidelines are implemented after approval by the respective Boards of the OMCs and that the approved guidelines are simply submitted to the Ministry. The Committee also note that to ensure implementation of the guidelines and to get feedback from the OMC it is stated that the Ministry conducts review meetings from time to time. The Committee feel that the present policy has given full freedom to the OMCs in selection of Dealers/Distributors for petroleum products and that submission of guidelines approved by the OMCs to the Ministry and conducting review meetings from time to time do not seem to be sufficient to protect the interest of SCs/STs. The Committee are of firm view that since OMCs are commercial ventures whose main objective is to make profit, the interest of SCs/STs should not be left solely on the Board of OMCs since there is no provision for representation of SC/ST members on the Board of Directors to protect their interest. The Committee are, therefore, of the view

that the guidelines prepared and approved by the Ministry before the same are implemented by OMCs. The Committee recommend that the guidelines for the selection of Dealerships/Distributorships of petroleum products framed and implemented by the OMCs should firstly be vetted and approved by the Ministry before these are implemented by the OMCs so that the interest of SCs/STs are protected in the guidelines.

Reply of the Government

3.2 The detailed guidelines framed by the OMCs are based on the broad guidelines issued by the Ministry. Such detailed guidelines framed by OMCs are reviewed by the Ministry from time to time to ensure compliance by the OMCs. Amendments in the guidelines issued by the Ministry are carried out in consultations with OMCs, as and when required.

Recommendation (Sl. No. 9, Para No. 2.37)

3.3 The Committee are surprised to note that the period of initial allotment of RO Dealership varies from 10 to 15 years depending upon the OMC. The subsequent renewal period also varies from 5 to 10 years. The OMCs might be having different reasons for allotment period for RO Dealership and LPG Distributorship. The Committee, however, feel that as far as the interest of SCs and STs are concerned, all OMCs should have the uniform period of allotment for RO Dealership and LPG Distributorship and renewal option subject to performance. The Committee, therefore, recommend that the action to have uniform initial allotment period of 15 years for Dealership/LPG Distributorship in all OMCs should be initiated so that SCs and STs who have RO Dealership/LPG Distributorship in all OMCs should be initiated so that SCs and STs who have RO Dealership/LPG Distributorship get enough time to settle down in their business. The renewal option should, therefore, be fixed at 10 years subject to satisfactory performance of RO Dealership/LPG Distributorship.

Reply of the Government

3.4 As far as RO dealership is concerned, IOC and BPC allot dealership for initial period of 15 years, followed by renewal period of 5 years. In case of HPC, the dealership is allotted initially for a period of 10 years and is renewable for a period of 10 years thereafter. In so far as LPG distributorship is concerned, the agreement is initially valid for a period of 5 years and subject to renewal thereafter based on the performance of the distributorship. Moreover, as a practice, dealerships are renewed automatically unless there is breach of Distributorship Agreement. This is applicable to all categories of the distributorships whether they belong to SC/ST or other social objective categories and hence, there is no discrimination against any category.

Recommendation (Sl. No. 10, Para No. 2.40)

3.5 The Committee note that there is a provision for reservation of 25% to candidates belonging to SC/ST category depending upon the ratio of population of SCs and STs in each State/UT as per census of India. It has been stated that the advantage of consolidated reservation is that in cases where there are not STs in a particular State/UT, the full 25% reservation will go to SCs or vice-versa, instead of some portion of the reservation going to the open category. The Committee appreciate the spirit in extending the full benefit of 25% to either of SC or ST in allotment. In reality though that percentage has not been achieved in almost all States/UTs as is evident from the statements furnished by OMCs. The reason for not maintaining the prescribed percentage in some States/UT is reported to be that unless exact 100 or exact multiple of 100 Dealerships/Distributorships are planned/allotted, reservation for various categories (including open category) will not be fully met. The Committee are surprised that no remedy has been thought of despite knowing it fully well that such a problem exists. By

more keeping reservation for SCs/STs at 25% and not translating it into action is simply not acceptable to the Committee. The Committee, therefore, strongly recommend that OMCs should review the 100 point roster wherever due to less than 100 Dealerships/Distributorships allotment, the prescribed percentage for SC/ST has not been achieved and accordingly to cover the deficiency. Action taken in this regard should be apprised within 3 months of presentation of this Report.

Reply of the Government

3.6 As per the current practice, all new rosters start from leftover point of earlier roster. This ensures maintaining prescribed percentage for SC/ST and all other social objective categories. Locations for RO dealerships/LPG distributorships are placed under different categories of reservation for as per '100 point roster' maintained for a State/UT. '100 point roster' is an allocation of a particular location for a particular category against a serial number such that when 100 number of dealerships/distributorships are planned, the percentage of reservation for all categories, including SC/ST categories, is achieved. Hence, unless exact 100 or exact multiple of 100 number of dealerships/distributorships are planned/allotted, reservation for various categories (including open category) will not be fully met.

Recommendation (Sl. No. 14, Para No. 4.8)

3.7 The Committee note that there is provision for termination of the dealership/distributorship if there is violation of any of the clauses like adulteration, keeping the outlet dry, mismanagement, induction of unauthorized partner, etc. in the Selling License Dealership/Distributorship Agreement entered into with the dealers/distributors. The Committee also note that as per the guidelines, revival of RO dealership shall not be allowed in case of those Dealerships terminated on account of malpractices/irregularities/breach of dealership agreements/violation of Marketing

Discipline Guidelines (MDG). It has, however, been observed that an appeal can be made by terminated Dealership under the provision of MDG.

Reply of the Government

3.8 No comments as this is a statement of facts.

Recommendation (Sl. No. 27, Para No. 4.40)

3.9 The Committee note that works related to setting up of retail outlets are given on contract to registered contractors based on approved schedule of rates upto certain value. However, the extant guidelines on award of contracts have no provision for reservation to SC/ST candidates. The Committee are constrained to note that Ministry have not given any reservation to SCs and STs in allotment of contractual works relating to setting up of retail outlets. The Committee feel that, if the Ministry have been a little bit more concerned about the welfare of SCs and STs, the idea would have struck them long ago. As already opined during evidence that if reservation is given to SCs and STs in award of small contracts i.e. Rs.5 lakhs it would encourage many educated and unemployed SC/ST youths to take up contract as an alternate mode of employment. Gone are the days when the SC/ST people did not have the capacity to undertake such contracts but now they have come up in life due to education and can afford to avail bank loans to undertake contract works for the livelihood. The Committee, therefore, urge the Ministry that with an eye on social justice and socio-economic development of the SCs and STs, they should revise the extant guidelines on award of contracts and provide reservation in award of small contracts as in the case in Central Public Works Department (CPWD) which provides reservations to SCs/STs in award of small contracts upto Rs.10 lakhs. The Committee, therefore, recommend that as per the assurance given by the representative of the Ministry, the extant guidelines on award of contracts should be revised and

reservation be provided to SCs and STs in award of small contracts without any further delay.

Reply of the Government

3.10 There is 15% reservation for SCs and 7.5% for STs in the employment of all the oil companies under the administrative control of the Ministry. Further, there is 50% reservation for various social objective categories, including 25% reservation for SC/ST category, in the selection of dealership/distributorship of petroleum products of the OMCs. Presently, there is no proposal to introduce reservation for any category in the award of contracts by the OMCs and the same is being done through open tender and also keeping in view the directions of Central Vigilance Commission (CVC) issued from time to time.

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Recommendation (Sl. No. 3, Para No. 2.18)

4.1 The Committee note that OMCs have freedom in choosing the locations for setting up of RO Dealerships/LPG Distributorship as per their commercial consideration. While finalizing a location, it has been stated that sale potential, economic viability as well as strategic locations are the main considerations. After de-regulation for RO Dealerships, each OMC is preparing its own marketing plan and roster independently and that for LPG Distributorship, marketing plan and roster are prepared on industry basis. During evidence, the Committee pointed out that at the time of planning and mapping of sites for setting up of retail outlets (ROs), sites which have potential for earning high revenues are not reserved for SCs and STs but sites which do not give more revenue are reserved for them. The Committee further pointed out that only C category is being reserved whereas A and B categories are not reserved. While the Secretary, Ministry of Petroleum and Natural Gas agreed with the views of the Committee that more than A and B, it is predominantly the C Class which gets allotted and included in the planning stage, yet in the written reply, the Ministry has different version in explaining the same matter. The Committee are perplexed by the ambiguous stance taken by the Ministry. It appears that the Ministry is trying to protect the OMCs even though it has already been admitted by the representative of the Ministry before them that indeed there is a flaw in allotment of ROs at planning stage. The Committee strongly deplore the ambiguous stance taken by the Ministry. The Committee believe that discrimination of SCs and STs at the time of planning and mapping of sites for setting up of retail outlets is not desirable. If prime locations/sites are not reserved for SCs and STs, it would be difficult to expect good

turnover from the retail outlets operated by them. The Committee are of the view that if the objective of giving reservation to SCs and STs in allotment of RO Dealerships/LPG Distributorships is to ameliorate their socio-economic conditions, then it should be the duty of the Government to ensure sites yielding high revenues are also allocated to them. The Committee, therefore, recommend the Government should prevail over the OMCs and ask them to review the whole process of planning and mapping of sites for setting up of ROs which are underway and, if not, in near future to ensure that sites which have potential for earning high revenue are also reserved for SCs and STs.

Reply of the Government

4.2 Locations under SC/ST category are strictly reserved based on 100 point roster system maintained by the OMCs, which ensures stipulated representation of all social objective categories. Such locations are earmarked on the following considerations:

- (a) Availability of site/land/COCO – first priority is given to SC/ST category.
- (b) Feasible locations with high probability of land being offered against advertisement are allocated to SC/ST category.
- (c) Feasible locations with high probability of land being offered by Government/land owning agencies.

4.3 Main consideration in earmarking a location for SC/ST category is feasibility and availability of land. Since total investment in such Retail Outlets is to be made by OMCs, probability of achieving of volumes compared with financial viability of the location is strictly scrutinized at every level by OMCs.

Comments of the Committee

4.4 **Please see Para No. 1.7 of Chapter – I.**

Recommendation (Sl. No. 5 & 6, Para No. 2.22 & 2.23)

4.5 The Committee note that selection of RO Dealers/LPG Distributors is done by a Selection Committee comprising 3 officers from concerned OMCs. It has been stated that the Members are appointed wholly from outside the State or from a different Department. The Committee are surprised to note that no specific provision has been made in the directives to include SC/ST Members in the Selection Committee of OMCs. The reason attributed is that in respect of locations reserved for SC/ST categories, candidates belonging to these categories can only apply for such locations and that there is no scope for allegation of bias against candidates are not competing with candidates belonging to other categories for reserved locations. The Committee strongly feel that even though only candidates from the reserved communities can compete for locations reserved for them, it is important to ensure that the people applying as SC/ST candidates are genuine and not otherwise. The Committee are aware of the fact that some people have taken advantage of gullible SC/ST people and obtained RO dealership/LPG distributorship in their names only, thereby, hoodwinking the Government in complacency that all is well. The Committee are also very concerned that some people are also obtaining Scheduled Caste / Scheduled Tribe certificates fraudulently to get an access to benefits given exclusively for SCs and STs. In such circumstances, it is very essential to check the genuineness of SC/ST category candidates, there would be no scope for allegation of bias since all are reserved category applicants. The Committee, therefore, view that the process of selection should not only be free from all corruption, nepotism and impartiality but that only the genuine SC/ST candidate apply for the Dealerships/Distributorships reserved for them. The Committee, therefore, view that inclusion of SC/ST Members in the Selection Committee will help in selection of right candidates. The Committee, therefore, recommend that all OMCs should include a member from SC/ST community

drawn either from the OMCs or from the Department/Ministry in the Selection Committee constituted for selection of RO Dealers/LPG Distributors reserved for these communities.

4.6 Surprisingly, the committee note that BPCL has already included a SC/ST Member in the Selection Committee. It is, however, not understood as to why the Ministry of Petroleum & Natural Gas did not ask other OMCS to follow suit in the matter. The Committee, therefore, recommend that the Ministry of Petroleum should ensure that the basic structure in the Dealer selection guidelines of all the OMCs are uniform and that the interests of SCs and STs have been taken care of.

Reply of the Government

4.7 As stated in the earlier reply, only persons belonging to SC/ST category can apply for locations reserved for the said category. As such candidates are not competing with person belonging to other categories and hence, there is no possibility of bias against the SC/ST candidates. In case of any complaints / doubt regarding the authenticity of Caste / Tribe Certificates produced by the candidates, confirmation / clarification is sought from the authorities of the concerned State / UT Government.

4.8 Further, there are many other reservation for other social objective categories, such as 'Freedom Fighter', 'Outstanding Sports Persons', 'Defence', 'Paramilitary and Police Personnel (PMP)' and 'Physically Handicapped' and 33% under each category is reserved for 'women' belonging to that category. It is not possible to include a member of the concerned reserved category in every selection committee conducting interviews for various reserved categories. Further, in respect of RO dealerships reserved for SC/ST category, 82.5% marks are awarded objectively based on verifiable documents submitted by the candidates and only 16.5% marks are awarded subjectively in the interviews. In respect of LPG distributorship, new guidelines have been recently introduced under which

selection would be done through draw of lots among the eligible candidates. Hence, there appears to be no compelling justification to include SC/ST person(s) in the selection committee for locations reserved for SC/ST category.

Comments of the Committee

4.9 Please see Para No. 1.15 of Chapter – I.

Recommendation (Sl. No. 20, Para No. 4.24)

4.10 The Committee note that quite a large number of complaints/grievances have been received in OMCs in regard to selection of RO dealerships in locations reserved for SCs and STs. BPCL had received a total of 73 complaints during the period from 2004-05 to 2007-08 and that all complaints are reported to be disposed of. HPCL had received a total of 266 complaints during the same period but 14 complaints are reported to be pending which include 8 complaints pertaining to the year 2004-05. IOC has reported that it received 269 complaints out of which 6 are still pending which include one pertaining to the year 2004-05. In case of LPG distributorships, BPCL received 7 complaints out of which 3 (including one sub-judice case) from the year 2004-05 are still pending. HPCL received 20 complaints for LPG distributorships in the year 2007-08 out of which 6 complaints are still to be redressed. The Committee note that IOC received 5 complaints during the period from the year 2004-05 to 2007-08 and all is reported to have been resolved. The Committee are dismayed by the fact that quite a large number of complaints/grievances have been received in respect of RO dealership and that it is a matter of great concern that complaints/grievances received in the year 2004-05, 2005-06 and 2006-07 were still pending in HPCL and IOC. The Committee would like to know the reasons as to why such complaints/grievances are pending for such a long time. The details of all these pending cases mentioned above should be furnished along with action taken on each complaint to the Committee. The Committee also recommend that BPCL

and HPCL should furnish the details of pending cases mentioned above along with action taken in each complaint. The Committee should also be provided with the details of complaints/grievances received during the year 2008-09 to 2009-10 in regard to RO dealership/LPG distributorship in respect of locations reserved for SCs/STs.

Reply of Government

4.11 IOC has received 65 complaints against selection of Retail Outlet dealership under SC/ST categories during 2008-09 and 2009- 2010. Out of these, 35 complaints were not established. 9 established cases have been closed after investigation and after taking necessary action in line with the approval of Competent Authority. 21 complaints are in the process of investigation.

4.12 HPCL has received 9 complaints against selection of Retail Outlet dealership under SC/ST category during the year 2008-09 and 2009-10. Out of these, 6 complaints were not established and closed. The remaining 3 complaints are pending for disposal.

4.13 BPCL has received 156 complaints against selection of RO dealership during 2008-09 and 2009-10, out of which 45 cases has been disposed of. The corporation has also received 17 complaints against selection LPG distributorship under SC/ST category out of which 9 cases have been disposed of.

4.14 Various reasons for delay in disposing of complaints are non-cooperation by the complainants/candidates being investigated, delay in obtaining requisite reply from State Governments/authorities regarding status of caste/tribe/ educational qualification, court cases filed by selected candidates, delay in obtaining advice from CVC, etc.

Comments of the Committee

4.15 **Please see Para No. 1.31 of Chapter – I.**

Recommendation (Sl. No. 21, Para No. 4.25)

4.16 The Committee note that complaints regarding selection, delay in commissioning and unfair treatment by the officials of the OMCs and others are given to the regulator who carry out independent investigation and submit the report to the Ministry. Based on the report the Ministry recommend to the Company either for termination or for suspension. In spite of this arrangements, many SC/ST proprietors of retail outlets and LPG distributorships do not seem to be satisfied with the report of such investigations and write complaints to the Committee requesting for redressal of their grievances. These grievances are against unfair treatment and harassment by Company officials, frequent inspection against SC/ST distributors, delay in commissioning of projects, arbitrary and anti-reservation policies of the OMCs and non-availability of Corpus Fund when required and even threat from unscrupulous elements of the society to close down their RO dealership/LPG distributorship or face dire consequences. It is a pity that many SC and ST dealers/distributors instead of getting support and help from the Government are alleged to be victimized by officials of OMCs at the time of investigations. The Committee view the policy of the OMCs to carry out frequent inspection against SC/ST distributors as discriminatory and therefore urge the Government to restrain the OMCs from carrying out frequent inspections against them. The Committee, are, therefore, of the view that if SC/ST owners of petrol pumps and Gas agencies are not satisfied with the report of investigations carried out by regulator, they should be allowed to appeal for a second investigation. The Committee, therefore, recommend that before an approval for termination or suspension of SC/ST dealerships or distributorships is given, the Ministry should constitute a team to investigate the case afresh in view of the contentious issues raised by the SC/ST dealers/distributors so that justice is meted out to them. Only after such investigations, if the charge is proved then only the Government shall take steps to terminate/suspend those SC/ST dealerships/distributorships.

Reply of the Government

4.17 All cases of terminations are examined and after scrutiny at various levels are approved based on merit of the case and specific facts/backgrounds of the case. While approving termination, sufficient opportunity is given to the dealers to explain his position following principles of natural justice and provisions of agreement. In respect of dealership / distributorship under SC/ST category, approval for termination is taken only at the level of Director (Marketing), whereas other cases for termination under other categories taken at a lower level, i.e., Executive Director / State Head. Further, there is a process in place for reference of terminated cases to Arbitration and in cases of dealership / distributorship under SC/ST category, only a Director in the Board other than the Director (Marketing) can be appointed as the Arbitrator. It may be stated here that action against any defaulting dealership / distributorship is taken in accordance with the Marketing Discipline Guidelines (MDG) which equally applies to all dealerships/distributorships irrespective of the categories.

4.18 Under the MDG, officers of OMCs are supposed to carry out inspection periodically to ensure proper functioning of RO dealership/LPG distributorship. There is no discrimination against dealership / distributorship under any category.

Comments of the Committee

4.19 **Please see Para No. 1.35 of Chapter – I.**

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES
HAVE NOT BEEN RECEIVED**

-----Nil-----

New Delhi;
13 December, 2011
22 Agrahayana, 1933 (Saka)

GOBINDA CHANDRA NASKAR
Chairman
Committee on the Welfare
of Scheduled Castes and
Scheduled Tribes

APPENDIX - I

MINUTES

COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES (2011-2012)

(FIFTEENTH LOK SABHA)

NINTH SITTING

(03.11.2011)

The Committee sat from 1500 to 1600 hrs. in Main Committee Room, Ground Floor, Parliament House Annexe, New Delhi

PRESENT

Shri Gobinda Chandra Naskar - Chairman

MEMBERS

LOK SABHA

2. Smt. Jyoti Dhurve
3. Shri Prem Chand Guddu
4. Smt. Paramjit Kaur Gulshan
5. Dr. M. Jagannath
6. Shri Mohan Jena
7. Shri Virendra Kumar
8. Shri Ashok Kumar Rawat
9. Shri Bajju Ban Riyan
10. Smt. Sushila Saroj
11. Dr. Kirit Premjibhai Solanki
12. Shri Lalit Mohan Suklabaidya
13. Shri Bhausahab Rajaram Wakchaure

RAJYA SABHA

14. Shri Jabir Hussain
15. Shri Lalhming Liana
16. Dr. Bhalchandra Mungekar
17. Shri D. Raja
18. Shri Veer Singh
19. Miss Anusuiya Uikey

SECRETARIAT

1. Ms. J.C. Namchyö, Director
2. Shri G.C. Dobhal, Under Secretary

At the outset, the Chairman, welcomed the Members of the Committee. The Committee then considered the draft report on Action Taken by the Government on the recommendations contained in their Fourth Report (15th Lok Sabha) on the Ministry of Petroleum and Natural Gas regarding "Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies" and adopted the same with minor modifications.

2. The Committee authorized the Chairman to finalise the report in the light of consequential changes and present the same to both the Houses of Parliament.

The Committee then adjourned.

APPENDIX V
(Vide Para 4 of Introduction)

ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TENTH REPORT (FIFTEENTH LOK SABHA) OF THE COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES.

1.	Total number of recommendations.....	26
2.	Recommendations/observations which have been accepted by the Government (vide recommendations at Sl. Nos. 2, 4, 8, 11, 12, 13, 17, 18, 19, 21, 25 and 26)	
	Number.....	12
	Percentage to the total.....	46.15%
3.	Recommendations/Observations which the Committee do not desire to pursue in view of the replies of the Government (vide recommendations at Sl. Nos. 3, 5, 6, 7, 9, 10, 14, 15, 16, 22 and 23)	
	Number.....	11
	Percentage to the total.....	42.30%
4.	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration (vide recommendations Sl. Nos. 1 and 20)	
	Number	2
	Percentage to the total.....	7.69%
5.	Recommendations/Observations in respect of which final replies of the Government have not been received (vide recommendations Sl. No. 24)	
	Number.....	1
	Percentage to the total.....	3.84%