

**STANDING COMMITTEE ON PETROLEUM & CHEMICALS  
(2003)**

**(THIRTEENTH LOK SABHA)**

FORTY-THIRD REPORT

**MINISTRY OF PETROLEUM & NATURAL GAS**

**THE PETROLEUM REGULATORY BOARD BILL, 2002**

*Presented to Lok Sabha on 08.05.2003*

*Laid in Rajya Sabha on 08.05.2003*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*May, 2003/Vaisakha, 1925 (Saka)*

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**COMPOSITION OF THE  
STANDING COMMITTEE ON PETROLEUM AND CHEMICALS (2003)**

**SHRI MULAYAM SINGH YADAV - Chairman**

**MEMBERS**

**LOK SABHA**

2	Shri Ashok Argal
3	Shri Ramchander Baidna
4	Dr.(Smt.) Suguna Kumari Chellamella
5	Shri Padam Sen Choudhary
6	Shri Khagen Das
7	Smt. Sheela Gautam
8	Shri Paban Singh Ghatowar
9	Shri Bijoy Handique
10	Shri Shriprakash Jaiswal
11	Shri Jagannath Mallick
12	Shri Punnulal Mohale
13	Shri P. Mohan
14	Shri Ashok N. Mohol
15	Dr. Debendra Pradhan
16	Shri Rajesh Ranjan
17	Shri Mohan Rawale
18	Shri Ram Sajivan
19	Dr. Bikram Sarkar
20	Dr. (Smt.) V. Saroja
* 21	Shri Harpal Singh Sathi
22	Shri Shyamacharan Shukla
23	Shri Prabhunath Singh
24	Dr. Ram Lakhan Singh
** 25	Dr. Ramesh Chand Tomar
26	Shri Shankersinh Vaghela
27	Shri Rathilal Kalidas Varma
28	Shri A.K.S. Vijayan
29	Dr. Girija Vyas
30	Shri Dinesh Chandra Yadav

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\* Nominated w.e.f. 21<sup>st</sup> February, 2003.

\*\* Nominated w.e.f. 26<sup>th</sup> February, 2003.

**RAJYA SABHA**

31	Shri Balkavi Bairagi
32	Shri Ram Nath Kovind
33	Shri Anil Kumar
34	Shri Rajiv Ranjan Singh 'Lalan'

35	Shri Moolchand Meena
36	Shri Dipankar Mukherjee
37	Shri Pritish Nandy
38	Shri Kripal Parmar
39	Shri Ahmed Patel
40	Shri Keshubhai S. Patel
41	Shri V.V. Raghavan
42	Ms. Mabel Rebello
43	Shri Yadlapati Venkat Rao
44	Shri Thanga Tamilselvan
45	Prof. Ram Gopal Yadav

### **SECRETARIAT**

1.	Shri P.D.T. Achary	-	<i>Additional Secretary</i>
2.	Shri P.K. Grover	-	<i>Director</i>
3.	Shri J.N. Oberoi	-	<i>Officer on Special Duty</i>
4.	Dr. Ram Raj Rai	-	<i>Assistant Director</i>

**SUB-COMMITTEE ON PETROLEUM**  
**A SUB-COMMITTEE OF THE STANDING COMMITTEE ON PETROLEUM & CHEMICALS**  
**(2003)**

**Shri Mulayam Singh Yadav - Chairman**

**2. Shri Dipanker Mukherjee - Convenor**

**MEMBERS**  
**LOK SABHA**

3. Shri Ashok Argal
4. Dr. (Smt.) Suguna Kumari Chellamella
5. Smt. Sheela Gautam
6. Sh. Paban Singh Ghatowar
7. Sh. Bijoy Handique
8. Sh. Ram Sajivan
9. Sh. Shyama Charan Shukla
10. Sh. Prabhunath Singh
11. Sh. Shankersinh Vaghela
12. Sh. Ratilal Kalidas Varma

**RAJYA SABHA**

13. Sh. Anil Kumar
14. Sh. Rajiv Ranjan Singh 'Lalan'
15. Sh. Ahmed Patel
16. Prof. Ram Gopal Yadav

**SECRETARIAT**

- |                       |   |                                |
|-----------------------|---|--------------------------------|
| 1. Shri P.D.T. Achary | - | <i>Additional Secretary</i>    |
| 2. Shri P.K. Grover   | - | <i>Director</i>                |
| 3. Shri J.N. Oberoi   | - | <i>Officer on Special Duty</i> |
| 4. Dr. Ram Raj Rai    | - | <i>Assistant Director</i>      |

## INTRODUCTION

I, the Chairman, Standing Committee on Petroleum and Chemicals (2003) having been authorised by the Committee to submit the Report on their behalf present this Forty Third Report on the 'Petroleum Regulatory Board Bill, 2002' relating to Ministry of Petroleum and Natural Gas.

2. The Petroleum Regulatory Board Bill, 2002 was introduced in Lok Sabha on 6<sup>th</sup> May, 2002. The Hon'ble Speaker Lok Sabha referred the Bill to Standing Committee on Petroleum and Chemicals on 17<sup>th</sup> May, 2002. The Committee invited views/ suggestions on the Bill from the public in general and experts, professionals, Organisations/ Associations representing Industry and Commerce in particular for which the Bill was hoisted at the website of Parliament. Copies of the Bill were also sent to the leaders of all major political parties in Lok Sabha and Rajya Sabha, to Chief Secretaries of all the State/Union Territories. Views and suggestions of public were also invited through electronic media and notices published in leading newspapers of the country.

3. Thereafter, the Sub-Committee on Petroleum (2002) of the Standing Committee on Petroleum and Chemicals consisting of 16 members invited several experts/representatives of Chambers of Commerce and Industry to hear their views on the subject and also sought clarifications in their meetings held on 3.9.2002, 21.10.2002, 28.11.2002. The Sub-Committee heard the views of representatives of Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and GAIL (India) Limited on 10.12.2002. The representatives of Ministry of Petroleum and Natural Gas deposed before the Sub-Committee on Petroleum (2003) on 4.3.2003.

4. After detailed examination, the Sub-Committee on Petroleum finally adopted the draft Report on Petroleum Regulatory Board Bill, 2002 on 5<sup>th</sup> May, 2003. The Committee appreciate the commendable work done by the Members of Sub-Committee on Petroleum (2002 and 2003) in scrutinizing the amendments and drafting the Report.

5. Draft Report was finally considered and adopted by the Standing Committee on Petroleum and Chemicals (2003) at their sitting held on 6.5.2003.

6. The Committee wish to express thanks to Shri M.A. Pathan, former CMD, Indian Oil Corporation Ltd., Shri H.L. Zutshi, Former CMD, Hindustan Petroleum Corporation Ltd., Shri C.R. Prasad, former CMD, Gas Authority of India Ltd. representatives of the Associated Chambers of Commerce (ASSOCHM), Confederation of Indian Industry (CII) and Tata Energy Research Institute (TERI).

7. The Committee also wish to express their gratitude to the representatives of the Ministry of Petroleum and Natural Gas, Indian Oil Corporation Ltd., Bharat Petroleum Corporation Ltd., Hindustan Petroleum Corporation Ltd. and GAIL (India) Limited for tendering evidence before the Committee and placing detailed information that the Committee desired in connection with the examination of the subject.

8. The Committee also wish to express their thanks to the various experts, individuals, organisations/Associations/State Governments/Union Territories for

placing before them the requisite Memoranda/material in connection with examination of the Bill.

9. The Committee place on record their appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

**NEW DELHI**

**May 7, 2003**

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**Vaisakha 17, 1925 (Saka)**

**MULAYAM SINGH YADAV**

*Chairman*

*Standing Committee on*

*Petroleum and Chemicals*

# **THE PETROLEUM REGULATORY BOARD BILL, 2002**

## **REPORT**

### **INTRODUCTION**

The Petroleum Regulatory Board Bill, 2002 was introduced in Lok Sabha on 5<sup>th</sup> May, 2002. The Hon'ble Speaker, Lok Sabha referred it to the Standing Committee on Petroleum & Chemicals for consideration and Report. The Bill is stated to be an enabling legislation designed to provide for the establishment of Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas.

**2. One of the basic objective of this Bill is to set up a single super Regulator with wide ranging powers to facilitate uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country including remote areas at fair price, promote competitive markets and access to monopolistic infrastructure in the nature of common carrier on non-discriminatory basis by all entities. With respect to such petroleum and petroleum products as may be notified by the Government from time to time. The Bill also entails provision of retail service obligations for entities.**

3. Marketing and pricing of all petroleum products except Public Distribution System (PDS), Kerosene and LPG (Domestic) have been decontrolled with effect from 1<sup>st</sup> April, 2002. To prevent exploitation of consumers in the deregulated scenario, the Board shall ensure that each marketing entity displays for the information of customers the maximum retail prices for the notified petroleum and petroleum products and take steps in accordance with regulations to prevent profiteering by the entities. This Bill contains provisions to ensure redressal of grievances and protection of consumer interest as also resolution of disputes among entities or between an entity and any other person.

**4. The bill seeks to achieve the objects of the Bill by:**

- (a) setting up of a Petroleum Regulatory Board to oversee and regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products. The Board would operate at an arm's lengths from the Central Government;
- (b) giving power to the Central Government to broadly lay down policy frame-work;
- (c) making provision for the Central Government to intervene in matters adversely affecting public interest in certain exigencies;



- (d) maintaining a data bank of information on activities relating to petroleum and petroleum products to enable planning and development thereof.

**5. The following enactments, statutory orders, etc. were considered for drafting the Bill:-**

- (i) The Telecom Regulatory Authority of India Act, 1997
- (ii) Electricity Regulatory Commission Act, 1968
- (iii) National Gas Regulatory Board Bill, 2001 as vetted by the Ministry of Law.
- (iv) The Communication Convergence Bill, 2001.
- (v) Motor Spirit and High Spirit Diesel (Regulation of Supply and Distribution and Prevention of Malpractices) Order, 1998.
- (vi) Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000.
- (vii) Petroleum Products (Maintenance of Production, Storage and Supply) Order, 1999.
- (viii) Panel discussions with experts and industry members.

6. Taking into consideration, the importance and repercussion of the Petroleum Regulatory Board Bill, 2002 the Committee invited suggestions/views of various experts, professionals, individuals, organisations/associations representing industry, in particular for which the text of the Bill was hoisted at the Website of Parliament. Copies of the Bill were sent to the leaders of the political parties in Lok Sabha and Rajya Sabha, to the Chief Secretary of each State Government, leading Chambers of Commerce and Industry in the country, Media agencies and leading National newspapers for their views and suggestions, if any.

7. Numerous memoranda/representations were received. The Committee invited several organisations/associations/professionals/experts for oral evidence. In all 5 sittings of the Committee were held in which the representatives of various associations/organisations/experts appeared before the Committee to tender evidence. Besides, the representatives of Ministry of Petroleum & Natural Gas also appeared before the Committee to clarify certain provisions of the Bill.

8. There were divergent views of experts/Chambers of Commerce regarding pervue of the Bill, powers of the proposed Board, authorisation procedure, common carrier concept, issue of autonomy of the proposed Board, powers of the Government, regulation of gas sector, powers of the Board to resolve disputes etc. The Committee took Clause by Clause consideration of the Bill.

**9. The Petroleum Regulatory Board Bill, 2002 has been examined by the Committee in detail and the Committee recommend that the Bill may be passed subject to their recommendations and observations given in the succeeding Chapters.**

**The Committee find that some of the recommendations may not require amendment(s) in the bill itself. In such cases, the Committee desire that Government should make appropriate provisions in the Rules, Regulations and Orders framed for this purpose. The Committee also recommend that the Government should notify all the required regulations, rules and orders within the shortest possible time of the enactment of the Bill. Framing of rules and regulations under the Act be carried out through consultation with oil industry, experts and other interested groups.**

## **CHAPTER-I**

### **PRELIMINARY**

10. Clause 1 is regarding short title extent and commencement which states "This Act may be called the Petroleum Regulatory Board Act, 2002".

11. Committee went into the details of various systems of regulation being followed in other countries of the world and also wanted to know about the justification for following the specific pattern of proposed regulation. Ministry of Petroleum and Natural Gas submitted the following facts and justification in this regard:-

"In USA, there is an independent regulatory agency for pipelines. In Canada, there is an independent federal agency which ensure equitable access and capacity allocation for common carrier pipelines while in U.K. and France, Government is the regulator for pipelines. An omnibus regulator for the entire downstream oil sector as well as for natural gas is not usual. Nevertheless, looking to the needs and problems facing the oil and gas sectors in India and their unique history, there is an advantage in having a common regulator for oil and gas in the downstream sector.

As regards the upstream petroleum sector, each country has a separate regulatory system for the upstream sector based on the prevalent nature of relationships between the concerned Government (State) and the Petroleum Mining Lease holder. Broadly, there are three types of such relationships, namely, Concessionary, Production Sharing and Risk Service Contracts. Concessionary (Royalty/Tax) relationship is prevalent in Australia, Canada, Norway, USA etc. The Production Sharing relationship is prevalent in India, Bangladesh, Libya, Russia, Syria, Vietnam, etc. Risk Service Contracts relationship is prevalent in Argentina, Iran, etc. Further, in some countries the Upstream Regulatory Authority is under the control of concerned Ministry while in others it is under the aegis of the National Oil Company. Thus regulatory system for Upstream Sector for each country is tailored to its own requirement and there is no unique model."

12. The Committee referred the views of experts that the provisions made in the Bill were not adequate to regulate gas sector and there was a need of separate Regulatory Body with separate rules to regulate that sector in view of specific problems in marketing of gas and participation of many multinational players in gas sector. When the Committee wanted to know the reaction of the Government in this regard, the Ministry of Petroleum and Natural Gas replied as under:-

"The issue of having two separate regulatory bodies, one for oil products and the other for gas was deliberated upon at large by the Government. It was felt that instead of proliferating regulatory authority, one regulatory authority could look after both oil products and natural gas in the downstream sector. The Report "India Hydrocarbon Vision-2025" has also recommended the setting up of a common regulatory mechanism for downstream sector and natural gas.

An omnibus regulator for the entire downstream oil sector as well as for natural gas is not usual for the reason that in the developed countries where free competitive markets are established, regulations in the petroleum products area is not required. In India, however, a competitive free market in the petroleum sector has only starting evolving. Nevertheless, looking to the needs and problems facing the oil and gas sectors in India and their unique history, there is an advantage in having a common regulator for oil and gas.

There is sufficient flexibility in the Bill to enable the regulator to handle the specific problems of the gas sector. For example, the regulator may lay down separate regulations for regulating open access to and transportation rates of common carrier gas pipelines and common carrier product pipelines. Also, the provisions of clause 12 (e) relating to display of information about maximum retail prices, etc. would apply to only those petroleum and petroleum products as the Central Government may notify, if it is satisfied that it is necessary, for maintaining or increasing their supplies [clause 2 (w)].”

13. In response to specific query of the Committee about justification for excluding the Regulation of upstream sector in the present Bill, the Ministry submitted the following justification to clarify the position:-

“Proposals for regulatory authority in the Hydrocarbon Sector were discussed for quite sometime at the consultation/drafting stage. These related to the following Divisions of the Petroleum Sector:

- (i) The upstream sector consisting of exploration and production;
- (ii) The refining, pipeline and marketing of petroleum products; and
- (iii) The natural gas sector.

In the preliminary stages of formulating draft proposals, an independent approach was adopted in respect of regulatory mechanism for each of these sectors. Meanwhile, suggestions emerged that instead of proliferating regulatory authorities, one regulatory authority could as well look after both the natural gas and petroleum products in the downstream sector. However, the merging of upstream sector with the downstream sector and constitution of unified regulatory authority for all the three was considered too radical. There is no such tested model in the world. Exploration and production involve activities altogether different from refining, marketing and distribution. Accordingly, the regulation of upstream sector has been excluded from the present Bill.”

14. The experts and major public/private sector companies in natural gas sector have expressed their common feeling that development of nascent natural gas/LNG industry must be included as a key objective of Petroleum Regulation. They have loudly opined that there should be separate guidelines for developing natural gas sector and more matured petroleum products sector on the basis of following facts:-

- (i) The petroleum products industry and the natural gas industry in India are at two different stages of development with the former being significantly more mature than the nascent gas industry. Therefore, differentiation within the two sectors, wherever

necessary, in the proposed regulatory framework would be desirable.

- (ii) Crucial differences exist between developing gas markets and mature ones that have important consequences for the proposed regulatory framework in India. Developing markets require light-handed regulation. We perceive the following considerations as key in the Indian context-
  - (a) A developing market like India has very limited gas transportation infrastructure. Hence, the gas sector would need investment encouraging measures, to build and extend the network, and not competition-enhancing ones, perhaps a key objective for petroleum products.
  - (b) As the market matures, the emphasis is very often on developing competition as far as possible in the elements of the industry that can support it (e.g. supply of gas), and regulating those parts of the industry that cannot support competition (e.g. distribution and transmission).”

15. The Committee mentioned the views expressed by some State Governments that the Government of India should not enact a regulation covering the subject of Gas and gas works and gas may only be included after the outcome of on-going presidential reference or the Bill should exclude the States where there are separate gas related legislations as Orissa was excluded from the Electricity Regulatory Commission Act, 1998 and wanted to know the reaction of the Central Government in this matter. The Ministry of Petroleum and Natural Gas submitted the following justification:-

“In the initial stages (1997-98 and 1998-99), the draft regulatory Bills for downstream petroleum sector and for natural gas were prepared separately. Tata Energy Research Institute (TERI) was asked to prepare a draft proposal on the regulatory authority for the downstream petroleum sector (excluding natural gas). TERI submitted its report to the Ministry in December, 1997. The proposal was further developed in consultation with the concerned Ministries in Central Government, a few State Governments, oil companies, industry experts etc. Subsequently, in September 2001, it was decided to have a common downstream regulator for both oil sector and natural gas.

As per the entry number 53 of list I (Union List) of Seventh Schedule of the Constitution, “Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable” is a Central subject. Therefore, Central Government is fully empowered to enact legislation covering the subject of petroleum products including natural gas.

At the time of drafting the Bill, the provisions of the Gujarat Gas (Regulation of Transmission, Supply and Distribution) Act, 2001 were also examined. However, in view of the opinion that emerged during discussions with the Ministry of Law, the State Governments were not consulted on the draft Bill. In line with the Constitutional provisions, the

Bill envisages that the policy relating to downstream petroleum sector activities shall be laid down by the Central Government alone.

The Bill envisages regional offices of the Board in public interest which shall function under the Board. This is to ensure uniform policy regulations throughout the country. Since petroleum products including natural gas are in the Central List, there is no need to have State level Regulatory Commission.”

16. During the course of evidence when the Committee specifically wanted to know the implications if the Supreme Court upholds the competence of the State Government to legislate on gas related matters, Secretary in the Ministry of Petroleum and Natural Gas stated the position as under:-

“There have been three hearings in the Supreme Court, and we expect that their replies would be coming soon. There is no way that the Government of India is going to lose this reference. It is because we feel that the legal position is abundantly clear. We have checked this from several legal experts. Nevertheless, if an eventuality arises, that the Government loses this thing, then in any case the Government would have to take some action. It is because gas is a petroleum resource. If the Government of India were to take a view that they would not be able to transport it, it is going to be very, very very difficult. It is because today there is a need for a national grid from down South to up North and then East and West. There is a need of greater connectivity. If this view comes then, I think then in consultation with all other stake-holders and at both levels – at the official as well as at the political levels – they would have to take up this issue. It is because it is too important an issue for it to be left aside. Therefore, we feel that in any case this issue will have to be resolved. Though, at the moment, I must confess that this is a very important point. When the Presidential reference comes, the position will become clearer.”

17. Secretary, Ministry of Petroleum and Natural Gas further clarified the position as under:-

“Sir, I will submit to the Committee to go through the provisions of the Bill, talk of transportation fuels, and gas and does not talk of one item, so, the regulations are going to take care of transportation matters. Now, we hope by that time when the regulations are required to be made, this issue will get settled. It is because regulations will have to be made for transportation fuels pipelines, they will have to be made for the gaseous pipelines.

Those have not been made and details of those are not, therefore, specifically separately mentioned in the Bill because those will have to be made based on the provisions of the Bill.”

18. In response to specific comment of a non-official witness about the need to reconsider all the existing control orders issued under Essential Commodities

Act relating to petroleum products so as to avoid duplication of regulation, the Ministry stated as under:-

“It is clarified that the proposed Bill does not repeal or override the Acts of the Petroleum Sector. Presently, there is no change in the position in respect of Essential Commodities Act and Control Orders made there under which are mainly applicable to the marketing of petroleum products. Even after the establishment of the Board, there will be a need for giving authority to the State Government to tackle the menace of adulteration, etc. However, a final view on the continuity of the various control orders will be taken by the Government later on.”

**19. The Committee note that there is a general feeling that the petroleum products industry and natural gas industry in India are at different stages of development with the former being significantly more mature than the nascent gas industry. The Committee also feel that the dynamics of the business relating to different petroleum products require different levels of regulation. The natural gas sector is fundamentally different from the Liquid Petroleum Sector. The definition of ‘Petroleum’ given in the Bill incorporates natural gas also. But the Committee have an opinion that the problems of the natural gas sector cannot be handled only by incorporating the natural gas under the definition of ‘Petroleum’ in the Act. However, the Committee note that an omnibus regulator for the entire downstream oil sector as well as for natural gas is not usual for the reason that in the developed countries where free competitive markets are established, regulations in the petroleum products areas is not required. In most of the countries only gas sector is regulated. The Government have, therefore, decided to set up common regulator for petroleum and natural gas sector. But they have not recognised the significance of natural gas sector appropriately in framing the Bill. The Committee are not convinced with justification given by the Ministry that there is sufficient flexibility in the Bill to enable the regulator to handle the specific problems of the gas sector. The Committee, therefore, recommend that clause 1 of ‘Petroleum Regulatory Board Act, 2002’ be substituted with the words ‘Petroleum and Natural Gas Regulatory Board Act, 2002’. The Committee also desire that the word ‘natural gas’ may be incorporated in all relevant clauses of the Act in between ‘Petroleum and Petroleum Products’. The Committee at this stage, do not find any need for creation of separate Regulatory Board for natural gas sector. However, they strongly recommend that the Government should lay down separate Regulations incorporating all provisions essential to handle the specific problems of gas sector.**

**20. The Committee are surprised to note that the proposed Bill does not repeal or override any legislations presently governing the petroleum sector and the Government have not yet taken any final view on the continuity of various control orders. The Committee criticize the casual approach being shown by the Government in this regard. This should have been done before finalisation of the Bill. The Committee, therefore, desire that the Government should finalise their views immediately about fate of existing legislations/rules/regulations and incorporate a specific overriding clause, if necessary, in the final Bill to avoid the multiplicity of regulation in this sector.**

21. The Committee note that there are multiple agencies in the country to deal with adulteration of petroleum products. Clause 12 (e) (v) of the proposed Bill provides for regulations and enforcement of retail service obligations for retail outlets and marketing service obligations for entities. For matters relating to product quality, there is an Anti-Adulteration Cell under the Ministry of Petroleum and Natural Gas with Budget allocation equal to that of proposed Regulatory Board. The Committee, therefore, recommend that the Government should take a final view whether there is any justification for continuity of separate Cell for preventing adulteration after establishment of the Regulatory Board or this should be placed under the Board to avoid the existence of an additional agency for the same purpose. Necessary Amendments in the Act may be made accordingly.

22. The Committee are astonished to note that the State Governments were not consulted at all at any stage of drafting of Bill. Moreover, the Bill is silent about the role of States in regulation of natural gas sector particularly when a Presidential reference has been made through the Ministry of Petroleum and Natural Gas on the issue whether natural gas is a Union subject covered under Entry 53 of List I or a State subject under Entry 25 of List II under Seventh Schedule of the Constitution of India. There are other State Acts like the Oriental Gas Act, the Bombay Gas Companies Act and the Gujarat Gas Act. Under these situations, there should have been specific mention about the role of State Governments and the fate of these Acts in the proposed Bill. The Committee, therefore, recommend that the Government should clarify the roles of States in regulation of gas sector after proper examination of the possibility of exclusion of States from the ambit of the proposed Bill as has been done in the case of Electricity Regulatory Commissions Act, 1998 where in view of the existing State level Act in Orissa the same was excluded from the ambit of the Act. The Committee specifically desire that a specific provision to spell out the role of States should be incorporated in the Bill to avoid future controversies. The Committee recommend that the Government should not wait for Regulator's finalisation and desire that the regulations for the gas sector must be prepared in the light of decision on the Presidential reference.

23. According to Clause 2 (h) 'common carrier' means such pipelines for transportation of petroleum and petroleum products by more than one entity as the board may declare or authorise from time to time under sub-Section (3) of Section 20, but does not include pipeline laid to supply:

- (i) petroleum products to a specific consumer
- (ii) Crude oil;

24. The Committee referred the suggestion made by Tata Energy Research Institute (TERI) in their Memorandum that utilisation of pipeline by more than one entity may require sharing of other connected facilities like storage, marketing and import terminals and the definition of 'common carrier' should include these facilities and wanted the reaction of the Government. The Ministry of Petroleum and Natural Gas clarified the position as under:-



“This issue was examined at the time of framing the Bill. Since pipelines are high cost intensive passing through cross country areas, they are considered for inclusion as common carrier. Other facilities like storage terminals etc. do not require high investment and the entities may develop as per requirement. Moreover, there is no bar on the entities to have commercial arrangements for sharing such facilities. Therefore, it is felt that these facilities need not be included in the definition of common carrier.”

**25. The Committee note that apart from pipelines there are other marketing infrastructure in the shape of tankages at storage points, hydrant systems at airports etc. These have been created by the oil companies in the regulatory phase. No doubt, they do not require very high investment like pipelines but these are connected facilities and the entity utilising the pipeline may require the sharing of these facilities also. The Committee feel that useful purpose would be served only if the definition of ‘common carrier’ also includes the sharing of other connected facilities like storage, marketing and import terminals on the same principle that the owner entity shall have the right of first use for its own requirement and the remaining capacity shall be used amongst entities as determined by the Board.**

**26. Clause 2 (j) states that “dealer” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, and appointed by an oil company to purchase, receive, store and sell motor spirit, high speed diesel, auto liquefied petroleum gas or compressed natural gas.**

**27. The Committee feel that the definition of ‘dealer’ needs more clarity. They recommend following amendment in clause 2 (j) to make it more specific:-**

- (i) add “superior kerosene oil and who by intent retail stocked products to consumers. Dealers excludes entities which are engaged in distributing petroleum products and gas through pipelines to bulk and/or retail consumers and supply of bunkers to ocean going vessels and aircraft” after the word ‘compressed natural gas’.**

**28. The Committee feel that the definition of ‘entity’ in clause 2 (l) effectively blocks out entry of new players as it covers only entities already engaged in the activities specified in the definition. Hence the words, “..... and engaged in refining .....” may be modified to “..... and engaged in or wishing to be engaged in refining....”**

**29. The definition of natural gas in clause 2 (u) clearly differs from the definition under the Petroleum and Natural Gas Rules, 1948. In PNG Rules, the definition of natural gas comprises all matters in a gaseous State, consisting predominantly of methane. In the proposed Bill the definition of**

gas includes methane, ethane, propane, butane, pentane, residual gas CNG, CBM and LNG within the purview of the Act. Some of these gases such as coal-bed-methane are under Ministry of Coal and Mines. The Committee, therefore, desire that the definition of natural gas should be re-examined in connection with all other concerned Ministries to make it accurate so that there is no contradiction with PNG Rules, 1948.

30. The Committee observe that a pipeline may be declared as common carrier by process under sub-Section (3) of Section 20. But there is no mention of any specific condition for declaration of a pipeline as common carrier. The Committee, therefore, desire that a provision should be made to specify that if the utilisation of a particular pipeline by the owning entity is less than 65% of the installed capacity 2 years after commissioning, it may be declared as 'common carrier'. This provision may be incorporated in all relevant clauses including definition under clause 2 (h).

31. Use of bio-fuels like ethanol has been continuously increasing. In future, use of other alternative fuels may also increase. The Committee, therefore, recommend that in clause 2(n) and 2(t) the word 'but including biofuel' may be inserted in the definition of 'high speed diesel' and 'motor spirit' respectively.

32. The Committee note that one of the objectives of the proposed Bill is to prevent profiteering by the entities. However, no definition of profiteering is provided. The Committee feel that in absence of any defined parameters discretionary element is introduced in the interpretation or profiteering. The Committee, therefore, desire that the definition of profiteering must be incorporated in clause 2 of the Act after discussion on the subject with all concerned parties.

33. Several words used in the Bill have not been defined in the Bill. The Committee, therefore, suggest the introduction of following definitions in this clause:-

- (i) 'Liquefied Natural Gas (LNG) Terminal' means facilities required to receive LNG ship, store CNG and enable its regasification as well as infrastructure required to transport the LNG till outside the boundaries of the facility.
- (ii) 'Pipeline' means a pipe (together with any apparatus installation and works associated or connected therewith) or system of pipes (togetherwith any apparatus, installation and works associated or connected therewith) for the conveyance or transportation of petroleum, petroleum products and natural gas and includes interstate pipelines.
- (iii) 'Fair trade' means *inter-alia* absence of forming of cartel to regulate the price or supply of any petroleum product (s) on a continuous or short term basis in such a manner that it would hurt the consumer interests adversely.

34. Retail service obligations has been defined in clause 2 (ze) as under:-

“retail service obligations” means obligations of dealers and distributors for maintaining supplies to consumers throughout the specified working hours and of specified quality, quantity and display of maximum retail price of notified petroleum and petroleum products as may be provided by regulations”

**35. The Committee find that the definition of ‘retail service obligations’ does not mention any allied services attached with retailers of petroleum and petroleum products. In Committee’s view, these services should be made a part of this legislation to make them responsible. The Committee, therefore, suggest that ‘allied services like free air, water, toilets at Retail Outlets and emergency services in case of LPG agencies’ may be inserted after ‘quantity’ and before ‘and display’ in clause 2 (ze).**

**36. The Committee feel that in clause 2 (zh) ‘rate’ may be replaced by the word ‘tariff’ to make it more appropriate.**

**37. In the definition of ‘Public Distribution System’, ‘Compressed Natural Gas’ may also be included alongwith petroleum products in clause 2 (za).**

## **CHAPTER-II**

### **PETROLEUM REGULATORY BOARD**

38. Chapter II of the Petroleum Regulatory Board Bill relates to 'Petroleum Regulatory Board' and it contains nine clauses (From clause 3 to clause 11). It covers composition, establishment and incorporation of Board (clause 3), qualifications of Chairperson (clause 4), term of office, conditions of service etc. of Chairperson and other members (clause 5), powers of Chairperson (clause 6), removal of Chairperson or any other member from office (clause 7), procedure for the transaction of business (clause 8), vacancies etc; not to invalidate proceedings of the Board (clause 9), officers and other employees of the Board (clause 10) and regional offices of the Board (clause 11).

#### **Establishment and incorporation of the Board and appointment of Chairperson and other members**

39. Clause 3 (3) reads "The Board shall consist of a Chairperson and other members not exceeding four in number, to be appointed by the Central Government".

**40. The Committee recommend that after the words 'by the Central Government' the words 'as provided under Section 4' may be added.**

**41. Clause 3(4) describes that the head office of the Board shall be at New Delhi. Further Clause 11 provides for the establishment of regional offices of the Board. The Committee do not find any justification for this special clause. The Committee recommend that provision of regional offices of the Board should be made under clause 3 (4) itself.**

#### **Qualifications for appointment of Chairperson and other members and their terms of office, conditions of service etc.**

42. Clause (4) reads 'The Central Government shall appoint the Chairperson and other members of the Board from amongst persons of eminence in the fields of petroleum industry, management, finance, law, administration or consumer affairs'

43. While discussing the qualification and appointment procedure of Chairperson and other members, it was a common feeling that it is important to lay down the specific selection procedure and qualification for selection of Chairperson. Some of them desired the inclusion of experts of natural gas sector and legal profession. When the Committee asked about the views of the Ministry on these suggestions by the experts, the Ministry submitted as under:-

"While finalizing the provisions pertaining to the constitution of the Petroleum Regulatory Board, the provisions in respect of selection of Chairman and Board Members and measures to secure autonomy to the

Board contained in various enactments under which regulators have been set up in India, were examined.

The petroleum sector is a core sector for the development of our economy and it has been under Government regulation for the last 50 years. The bill envisages that the policy relating to downstream petroleum sector activities shall be laid down by the Central Government keeping in view the oil security in the country and the interests of the consumers. It was therefore felt that Government may have the control in the appointment of Chairman and Members of the Board, subject to the statutory provisions of stable tenure of the Chairperson/Members, qualifications for their appointment etc.

As per Clause 4 of the Bill, Chairperson and other Members of the Board would be appointed from amongst persons of eminence in the fields of petroleum industry, management, finance, law, administration or consumer affairs. Since petroleum includes natural gas also, the Central Government may select a member having experience of natural gas.”

**44. The Committee observe that provisions of clause 4 are too general and do not justify the purpose of this clause. The Committee feel that it is necessary to lay down specific transparent procedure for selection of chairperson and members. The Committee also feel that in order to bring transparency in the appointments, a ‘Search Committee’ consisting of Secretaries of concerned Ministries should be constituted for the purpose. Besides, the reasons and rationale for qualifications of the chairperson and other members need to be justified by the role they are expected to perform. The Committee, therefore, desire that the chairperson and Regulatory Board members should be drawn from amongst persons of eminence in the fields of the Petroleum and Natural Gas industry, disciplines of finance, law and consumer affairs. The Committee suggest that clause 4 may be redrafted as under:-**

**“The Central Government shall constitute a ‘Search Committee’ comprising of Cabinet Secretary and Secretaries in the Ministry of Petroleum and Natural Gas, Ministry of Finance, Ministry of Commerce and Ministry of Law and Justice to form a panel for appointment of chairperson and other members of the Board. Board shall consist atleast one member from amongst the persons of eminence in the fields of oil and its marketing, natural gas and legal profession.”**

**45. The Committee suggest that clause 5 (1) be reworded as under:-**

**“Before appointing any person as the chairperson or other member from the panel of names decided by the Search Committee, the Central Government shall satisfy itself that such person has not been associated with private sector in any capacity and does not have any financial or other interest which is likely to affect prejudicially his functions as chairperson or such other member.”**

**46. The Committee find that there is no clause relating to salary and allowances of Board members. The Committee, therefore, desire that a sub-clause mentioning salary and allowances of Board members should be incorporated in this clause. They also desire that salary and allowances of Board members should not be less than that of CMDs of Group 'A' Oil PSUs.**

**47. In clause 5(3) following amendment may be made:**

**Words 'or from any other non-Governmental or corporate body' should be inserted between 'State Government' and 'shall resign'.**

**48. Removal of chairperson or any other member from office.**

Clause 7 reads "The Central Government may remove from office the Chairperson or any member, who –

- (a) has been adjudged as insolvent ; or
- (b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude ;or
- (c) has become physically or mentally incapable of acting as a member, or
- (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member ; or
- (e) has so abused his position as to render his continuance in office prejudicial to the public interest :

Provided that a person shall not be removed from his office as Chairperson or other member under clause (d) or clause (e) unless he has been given a reasonable opportunity of being heard in the matter."

**49. Some of the non-official witnesses represented to the Committee that a specific procedure should be outlined for removal of chairperson and members. The Ministry submitted their views that clause 7 provided that the chairperson or other member shall not be removed in specified cases without being given a reasonable opportunity of being heard in the matter. According to them the provisions made in the Bill are adequate and there is no need of amendment.**

**50. The Committee feel that the charges against the chairperson or member should be in writing and be investigated by an independent authority constituted for the specific purpose. The authority should be comprised of a retired Judge of a Supreme Court or a High Court. The Committee, therefore, recommend that this clause be amended suitably:-**

**51. The Committee note that there is no provision of 'Quorum' for taking decision of the Board. The Committee recommend that there should be separate clause specifying Quorum in the Act.**

52. Clause 10 makes provisions for the appointment of Secretary, other officers and employees of the Board and for the determination of salaries and allowances and the other terms and conditions of service of the Secretary, other officers and employees of the Board. It also provides for appointment of consultants as may be required to assist the Board.

53. Clause 10 reads as under:-

“(10) (1) The Board may appoint a Secretary to exercise and perform under the control of the Chairperson, such powers and duties as may be specified by regulations :

Provided that the first Secretary to the Board shall be appointed by the Central Government.

(2) The Board may, with the prior approval of the Central Government, determine the number, nature and categories of other officers and employees required to assist the Board in the discharge of its functions.

(3) The salary and allowances payable to and the other terms and conditions of service of the Secretary, the others officers and employees of the Board shall be such as may be prescribed.

(4) The Board may, in consultation with the Central Government, appoint consultants required to assist in the discharge of its functions on such terms and conditions as may be determined by regulations.”

54. Petroleum Sector experts and Confederation of Indian Industry and Association have expressed their views that the organisation structure, appointment of officers, other employees and consultants should be done independently by the Board. In response to their suggestions the Ministry of Petroleum and Natural Gas submitted their views as under:-

“The Bill was drafted after a series of consultation with Ministry of Finance and Ministry of Law. The provisions of clause 10 have been framed keeping in view that the Board should have sufficient autonomy and the role of the Government in the working of the Board should be restricted to bare minimum. The proposed Board will enjoy autonomy in appointing officers, staff and consultants as per requirement. Only the number, nature and categories of officers and employees would be decided in consultation with the Government.”

**55. The Committee after careful consideration of variant views, recommend that the existing provision under clause 10 may be modified as under:-**

**“10(1) The Central Government in consultation with Board may appoint a Secretary to exercise and perform under the control of the chairperson, such powers and duties as may be specified by regulations.**

**(2) The Board will have full power and competence to determine the number, nature and categories of other officers and employees required to assist the Board in discharge of its functions.**

**(3) The Board will have the authority to appoint consultants required to assist in the discharge of its functions on such terms and conditions as may be determined by the regulations.**

**Such consultants or experts will be taken on short assignments according to terms and reference drafted by the Board. No member or employees of a political party, State or Central Government or Corporate Body shall be entitled to be appointed as Consultants and experts.**

**(4) The salary and allowances payable to and other terms and conditions of service of the Secretary, other officers and employees of the Board and consultants shall be prescribed and set by the Board.”**



## CHAPTER-III

### FUNCTIONS AND POWERS OF THE BOARD

56. Clause 12 lays down the powers and functions of the Board. It reads as under:-

“The Board may –

- (a) protect the interest of consumers by fostering fair trade and competition amongst the entities;
- (b) authorise entities to -
  - (i) market notified petroleum and petroleum products;
  - (ii) establish and operate liquefied natural gas terminals;
  - (iii) lay, build, operate or expand a common carrier;
- (c) declare pipelines as common carrier;
- (d) regulate –
  - (i) access to common carrier by regulations so as to ensure fair trade and competition amongst entities;
  - (ii) transportation rates for common carrier by regulations.
- (e) in respect of notified petroleum and petroleum products –
  - (i) ensure adequate availability;
  - (ii) ensure display of information about the maximum retail prices fixed by the entity for consumers at retail outlets;
  - (iii) monitor prices and take corrective measures to prevent profiteering by the entities;
  - (iv) secure equitable distribution;
  - (v) provide by regulations and enforce, retail service obligations for retail outlets and marketing service obligations for entities;
- (f) levy fees and other charges as determined by regulations;
- (g) maintain a data bank of information on activities relating to petroleum and petroleum products;
- (h) perform such other functions as may be entrusted to it by the Central Government to carry out the provisions of this Act.”

**57. The Committee recommend that in clause 12, the words ‘The Board may’ should be replaced with ‘The Board shall’**

58. Major players of natural gas industry have a common feeling that the authorisation of natural gas pipeline should be granted by the Central Government. GAIL (India) Ltd. have submitted the following justification for this proposal:-

“Laying of natural gas trunk pipelines require creation of large infrastructure involving highly sophisticated technology leading to huge investments. Any authorisation for laying such pipelines has necessarily to be related to techno-economic feasibility keeping in view, inter-alia, the

source of supply and the major end-users in the power, fertilizer, sponge iron, glass industries etc depending upon their existing and probable future locations which could be in far flung and comparatively under developed areas of the country. For equitable distribution of this precious commodity for a balanced economic growth of the country, it is of paramount importance that the Government evolves a comprehensive gas use policy and develops an overall plan for an integrated gas infrastructure culminating in a national gas grid. As such a policy and the concept of national grid can only be evolved by the Ministry of Petroleum and Natural Gas, a natural corollary to the proposition would be that any fresh authorization for laying gas pipelines should only be granted by that Ministry within the ambit of such a policy/national gas grid.”

59. When the Committee wanted to know the reaction of the Government in this matter, Ministry of Petroleum and Natural Gas submitted as under:-

“The issue was deliberated upon at the time of framing the Bill. It was felt that the regulator should be appropriate authority to grant authorization for common carrier pipelines including gas pipelines rather than the Government. This would ensure equitable treatment to all players as well as independent functioning of the regulator. As per clause 20(4), the Board shall inter alia be guided by the objective of preventing infructuous investment while granting authorization of the common carrier pipelines.”

**60. The Committee agree with the feelings of natural gas industry and their specific problems. The natural gas industry is at very nascent stage of development and developing gas market like India has very limited gas transportation infrastructure. In Committee’s view the gas sector in current state needs measures aimed at encouraging investment to build and expand the network and not measures aimed at promoting competition in supply to end users as it is in the case of petroleum production. The Committee, therefore, strongly recommend that the power of authorisation for natural gas pipelines should be granted by the Central Government. The Committee also note that under the existing gas policy, gas marketing is free but they desire that the local gas distribution operations should be included amongst the activities requiring authorisation. The Committee also want that the areas like local distribution zone concession and selection criteria for common carrier transmission pipelines should be incorporated appropriately in the rules and regulations to be framed under the Act to regulate natural gas sector.**

61. Oil Industry have a view that:-

- (a) There should be no monitoring role for the regulator in developing retails outlets, depots, terminals, port facilities and the distributory network, information sought about the same should be in the nature of sharing data with other entities, confidentiality of commercial data shared by any entity requires to be maintained.

- (b) The obligation to set up marketing infrastructure, retail outlets in remote areas under the marketing service obligation or universal service is a limited requirement in a mature market.

62. When the Committee asked the reaction of the Government on the above views of Oil Industry, Ministry of Petroleum and Natural Gas submitted the following reply:-

“Keeping in view, the diverse geographical terrain of our country, it is essential that oil marketing companies also set up necessary infrastructure for the supply of petroleum products to the consumers living in remote and far-flung areas, which are generally low profit centres. In view of this, necessary authority has been given to the Board to provide by regulations and enforce the marketing service obligations for entities [clause 12 (e)(v)]. Such obligations mean setting up marketing infrastructure, retail outlets in remote areas, maintaining minimum stock of notified petroleum and petroleum products etc. [clause 2 (q)].

It may be mentioned that private companies, namely M/s. Reliance Industries Limited and M/s. Essar Oil Limited, apart from ONGC and NRL, have been granted authorisation for marketing of transportation fuels with the stipulation of setting up of proportionate number of retail outlets in the remote and low service areas as required under the Government resolution dated 8<sup>th</sup> March, 2002. Hence, monitoring of the same is required by the Government/Board.

Further, to ensure an orderly and smooth transition to the market determined regime, it is proposed to empower the Board to monitor setting up of dealerships and distributorships of motor spirit, high speed diesel, superior kerosene oil and liquefied petroleum gas by the entities in public interest. This is only a transitional arrangement for a period of two years, i.e., from 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2004, which may be extended by one more year, as may be decided by the Central Government.

Adequate arrangement exists in the Bill for maintaining confidentiality by the Board [clause 43 (6)].”

**63. In view of earlier recommendation of the Committee clause 12 (c) may be amended to read “declare pipelines, storage, hydrant systems at airports, marketing and import terminals as common carrier”.**

**64. Clause 12 (d) relates to regulatory activity of the Board. At the end of clause 12 (d) (i) “and ensure third part access to reduce the domination by incumbent and regulate their natural monopoly” may be added to make this clause more specific and effective.**

65. One of the objectives of the proposed Bill is to prevent profiteering by the entities. Clause 12 (e) (ii) describes the function of the Board as to monitor prices and take corrective measures to prevent profiteering by the entities. However, no definition of profiteering is provided. In absence of any defined parameters, discretionary element is introduced in the interpretation of profiteering. Moreover, the Bill does not refer to predatory pricing. Experts have

opined that it would be appropriate if one of the functions of the Board were to concern investigation into anti competitive behaviour such as cartelisation or predatory pricing.

66. In response to specific query of the Committee about the way in which the Government expect to achieve the objectives of Bill in absence of any defined parameters in case of profiteering and predatory pricing, Ministry of Petroleum and Natural Gas replied as under:-

“To prevent exploitation of consumers in the de-regulated scenario, one of the functions of the Board is to ensure that each marketing entity displays for the information of the consumers the maximum retail prices for the notified petroleum and petroleum products, and takes steps in accordance with regulations, to prevent profiteering by the entities (clause 12 (e) (ii) and (iii)). Profiteering in the dictionary sense means “to make or seek to make excessive profits especially illegally or in black market conditions”. At the time of drafting the Bill, these issues were examined and it was felt that profiteering/predatory pricing would depend on the circumstances and cannot be defined by way of percentage and hence the definition were not included in the Bill, these being commonly understood terms. The regulator will have the discretion to decide such issues in consumer interest in accordance with regulations to be made by the Board. Such regulations may provide for such inquiry as the Board may consider desirable to prevent all malpractices like cartelization and predatory pricing, if the net effect of this profiteering.”

**67. The Committee find that one of the most important objectives of the proposed Board is to prevent profiteering by the entities. But in the absence of any defined parameters, discretionary element has been introduced in the interpretation of profiteering. In the same respect, the concept of fair trade and cartel should also be clarified. In Committee’s view, ‘fair trade’ means that the entities engaged in trade would function in competitive environment so as to pass on maximum value for money to the consumers and would not join hands in a manner that enables the entities to manipulate the prices and/or supplies of petroleum products to gain unfair profit for themselves at the cost of consumer interest. The Committee desire that these basic principles should be incorporated in the Bill to clarify the objectives of specific functions of the Board. The Committee also desire that there should be a provision for regular analysis of market prices to prevent cartelization. Specific provisions should also be made in the regulations to cover the aspect of monitoring by the Board to ensure that the authorised entities satisfy and comply with all relevant regulations in respect of their impact on environment as set by the Board or by the Government or other appropriate authority and ensure transparency in fixing the tariff.**

**68. The Committee find that the Bill is silent on the aspect of safety and fulfilment of technical provisions. In Committee’s view these aspects should not have been ignored being major factors involved in regulatory activities. The Committee, therefore, strongly recommend that the Government should incorporate appropriate provisions to define the role of**

**Board to prevent the situations like sub-standard construction, operating practices and ignorance of safety norms in petroleum sector.**

69. Clause 13 seeks *inter alia* to empower the Board to settle any dispute or matter arising amongst entities or between an entity and other person on issues relating to refining, processing, storage, transportation, distribution, marketing and sale of petroleum products. The Board shall also receive any complaint from any person regarding contravention of certain provisions of the proposed legislation and pass suitable orders to decide the complaint.

**70. The Committee suggest following amendments in clause 13 in order to make this clause more specific and effective:-**

**(A)(i) In clause 13 (1) (a) add words ‘to adjudicate upon and’ before ‘decide any dispute’**

**(ii) add ‘and natural gas’ after ‘petroleum products’.**

**(iii) Add sentence ‘subject to any existing contracts to the contrary between the parties’ at the end. The amendment will take care of any conflict, the dispute resolution mechanism as given in the Bill, may have with the arbitration clauses provided in the contract agreement.**

**(B) Clause 13 (1) (b) may be read as under:-**

**“receive any complaint from any person and conduct any enquiries and investigations connected with the trade of petroleum, petroleum products and natural gas regarding:**

**(i) retail service obligations;**

**(ii) marketing service obligations;**

**(iii) display of retail price at retail outlets;**

**(iv) terms and conditions subject to which a pipeline was declared as common carrier, or authorisation was granted to an entity for laying, building, installing, expanding or operating a pipeline as common carrier or for establishing a liquefied natural gas terminal or for marketing notified petroleum, petroleum products and natural gas.”**

## CHAPTER IV

### AUTHORIZATIONS

71. The Bill seeks to control and authorize the activities of separate entities in the Petroleum business (LNG terminals), pipelines (excluding oil pipelines) and marketing.

72. In response to specific query of the Committee about the objectives of incorporating provisions of authorisation in the Bill particularly when all the activities in petroleum sector are governed by specific set of rules of the Government, the Ministry of Petroleum and Natural Gas submitted the following justification:-

“The functions of the Board *inter alia* include authorizing entities to:-

- (i) market notified petroleum and petroleum products subject to any conditions laid down by the Central Government;
- (ii) establish liquefied natural gas terminals with the objectives of preventing regional imbalances and avoiding wasteful investment;
- (iii) lay, build, operate or expand a common carrier with the objective of ensuring fair access to all suppliers of petroleum products and curb anti-competitive behaviour.

Government have laid down the guidelines for granting authorization to market transportation fuels to new entrants investing or proposing to invest Rs. 2000 crore in exploration and production, refining, pipelines or terminals. The Board shall, while granting authorization for this activity, ensure compliance of the prevailing Government policy.

At present, Government guidelines for granting authorization to market transportation fuels dated 8<sup>th</sup> March, 2002 and guidelines for laying petroleum product pipelines date 20<sup>th</sup> November, 2002 exist; however, these are non-statutory provisions.

Government are of the view that the statutory provisions of authorization are needed as the regulator will henceforth authorise this and not Government. The role of Government will be very limited.”

73. The Committee referred to the views of experts that the steps for laying down conditions and the process for securing authorization have not been spelt out in the Bill and wanted to know the views of the Government, Ministry of Petroleum and Natural Gas submitted as under:-

“The Bill lays down the broad procedure for securing authorization as per the clause 17, 18, 19, 20 and 21. The Board is expected to frame its own regulations covering the procedures etc.

Accordingly, the entity desirous of seeking authorization for any of the activities of marketing notified petroleum/petroleum products or establishing and operating LNG terminal, or laying, building, operating or

expanding a pipeline as common carrier, will apply in writing to the Board. The application for authorization shall be made in such manner and in such form as may be provided for in the regulations.

The terms and conditions of authorizations shall be specified by the Board. Presently, the conditions for securing authorization to market transportation fuels are laid down in the Government Resolution dated 8<sup>th</sup> March, 2002. As per the Resolution, marketing authorization will be available to a company investing or proposing to invest Rs. 2000 crore in exploration and production, refining, pipelines or terminals. The conditions for setting up LNG terminals flow from the objective of preventing regional imbalances and avoiding wasteful investment. The conditions for securing authorization to lay common wasteful investment. The conditions for securing authorization to lay common carrier pipelines flow from the objective of promoting competition, avoiding duplication of investment, ensuring availability of petroleum products throughout the country etc. [clause 29 (4)].

The Preamble of the Bill and the Statement of Objects and Reasons apart from specific provisions would be the guiding principles for the regulator to lay down conditions for authorization. Government have consciously left this issue open to the Board to allow flexibility to it to deal with the emerging situations in future.”

74. When specifically asked about the need for authorization for an under-developed LNG project, Ministry clarified the position as under:-

“As per clause 16, an entity establishing or operating an LNG terminal on the appointed day shall be deemed to have such authorization. However, the entity shall furnish the particulars of such activities to the Board within six months (clause 17). It is clarified that an on-going LNG project does not need authorization as per the provisions of the Bill.

The market for LNG will develop gradually. Naturally, the Board while framing its regulations will keep this in mind, to promote its growth and protect the interests of consumers.”

75. In the same context when the Committee specifically asked about the reasons for not considering the local gas distribution operations for the purpose of authorization, Ministry of Petroleum and Natural Gas submitted as under:-

“Under the existing Government policy, all companies, including Indian private and foreign companies, have been given freedom to market gas directly. The policy framework provides freedom to the companies to market gas directly, whether produced in the country or imported as LNG or through trans-border gas pipelines. It is expected that the local gas distribution operations will be carried on by the players, both the existing ones and the new, as per commercial arrangements amongst them. However, regulations will certainly cover these local operations. These are fully covered under clause 51.”

76. The Committee find that there is no clarity regarding definition or description of LNG terminals that would require authorization. Moreover, there is also no clarity on definition of establishing and operating a terminal. The Committee, therefore, desire that the requirement for authorization should be incorporated in the Act. Moreover, the Government should also provide well defined authorization procedure and a time limit should also be set in this regard.

77. The Committee note that clause 20 contains the procedure for declaring laying, building, operating or expanding a pipeline as common carrier by the Board and clause 21 makes *inter alia*, provision for giving the right of first use for own requirement of the owner of a pipeline. It also provides for payment of transportation rates for use of common carrier to the authorized entity. The Committee, however, find that these clauses do not clarify the size and type of pipelines that will fall under the purview of Board. The Committee understand that Ministry of Petroleum & Natural Gas has issued a press release dated December 5, 2002, regarding pipelines. They, therefore, desire that the provisions laid down therein may be incorporated in the Bill. The Committee also desire that role of petronet may also be clarified. It is noticed that while LNG terminals come under the purview of the Bill, the associated pipelines for transportation have not been covered. In Committee's view this may lead to situation where various parts of same value chain are governed by different authorities. The Committee, therefore, desire that these issues should be clarified while finalising the Bill.

78. Clause 16 (b) may be read as under:-

“16 (b) lay, build or operate any common carrier system or common usage facility or expand the capacity of any common carrier system or common usage facility without obtaining authorization under this Act except that in case of natural gas pipelines, authorisation shall be granted by the Central Government; and.”

79. In the existing proviso to clause 16, the words ‘laying, building, operating or expanding any pipeline’ may be inserted between ‘natural gas terminal’ and ‘on the appointed day’. Provided that such authorisation in case of natural gas pipelines shall be granted by the Central Government.

80. The words “except authorisation for natural gas pipelines to be granted by the Central Government’ may be inserted (i) after ‘common carrier’ and before ‘shall apply in writing’ in clause 17 (2), (ii) after ‘common carrier’ and before ‘is accepted’ in clause 18.

81. Liquefied Natural Gas terminal may be incorporated in clause 18.

82. Clause 19 may be read as under:-



**“The Board may, after hearing the parties interested, grant authorisation except authorisation for natural gas pipelines which shall be granted by the Central Government subject to such terms and conditions as it may specify.”**

**83. The Committee note that clause 21 provides for right of first use for own requirement of the owner of a pipeline. The Committee, however, find that there may be more than one partners participating in laying, building, operating or expanding pipeline. In such cases the first right should be available to all the parties. The Committee also desire that provisions should be made to the effect that right of first use is protected for such entities which are not participating in laying, building, operating or expanding pipeline, but have entered into contracts before laying, building or expanding pipeline, to the extent of committed quantities.**

**84. The Committee find that in the proposed Bill no particular system or criteria has been fixed to provide access to the common carrier. The Committee, therefore, suggest the incorporation of following sub-clause under clause 21 describing the procedure to be followed in this regard:-**

**21(4) “The Board will determine the merits of an entity requesting access to a common carrier on the basis of an existing common contract. To this effect the Board shall verify claims for spare capacity and determine existing or possible availability of such capacity by an incumbent or new entities. Tariff rates, as determined by the Regulator, will be such that they take into account, and be based upon, investment of making such capacity available.”**

## **CHAPTER-V**

### **SETTLEMENT OF DISPUTES**

85. Clause 13 (1) and 23 (1) give the Board exclusive jurisdiction to decide any dispute or matter arising amongst entities or between an entity and any other person on issues relating to refining, processing, storage, transportation, distribution, marketing and sale of petroleum products. However, clause 24 (1) requires disputes with individual consumers to be addressed by consumer forums established under the Consumer Protection Act, 1986.

86. The Committee expressed their views that the absence of alternate dispute resolution mechanism in case of private contracts is against the international business norms and it may act as a deterrent especially for foreign companies considering entry into this sector in India and wanted to know the justification for not incorporating any such provision in the proposed Bill. Ministry of Petroleum & Natural Gas replied as under:-

“ The disputes between the entities in respect of matters laid down in clause 23 (2) only shall be decided by the Board. These may relate to refining, transportation, marketing etc. of petroleum products and authorization issued by the Board. This is necessary since these will arise out of decisions of the Board or are required for efficient functioning of the refining and marketing downstream sector. Regulations will specifically be framed by the Board on these issues to further delineate and specify the position. However, the disputes between two or more entities arising out of violation of private contracts entered into between them will be settled as per the provisions of the contract and the applicable law. Government do not envisage any problem in this regard.”

87. The Committee specifically observed that the Bill seeks to vest the Board with powers of a Civil Court to the exclusion of the jurisdiction of the Civil Courts in relation to specific disputes and matters without providing an alternative to Civil Courts. Furthermore, the manner in which the Board exercises its powers or discharges its functions are subject to directions issued by the Central Government. When the Committee sought a clarification whether under these conditions the Regulatory Body will be able to provide impartial investigation in matters affecting Government point of view, the Ministry of Petroleum and Natural Gas submitted as under:-

“Since the Government companies are the existing leading players in the downstream petroleum sector, an independent statutory regulatory body is envisaged. However, since it will be the responsibility of the Central Government to lay down the policy relating to downstream petroleum sector activities keeping in view the objective of security of supply within the country, and the consumer interest, Government shall have the power to issue policy directives. As per clause 34 (I), Government may issue directions to the Board in the interest of sovereignty and integrity of India, security of the state, friendly relations with foreign states etc.

It may thus be seen that the directions to be issued by the Central Government are essentially to meet the broad national interests. The powers of the Board to act as a civil court in settling disputes are not sought to be diluted by issuance of policy directives. The Board shall

have sufficient autonomy. Government do not envisage any problem on this account.”

**88. The Committee would like to see that complaints filed before the Board are investigated and disposed of quickly. The Committee, therefore, recommend that clause 24 (3) should read as under:-**

***“On receipt of a complaint under sub-Section (1) the Board shall decide within 30 days whether there is a prima-facie case against an entity, it may either investigate on its own or refer the matter for investigation under this Chapter, to an Investigating Officer having jurisdiction; and, where the matter is referred to such Investigating Officer, on receipt of report from him, the Board may hear and dispose of the complaint as a dispute where it falls under sub-section (2) of section 23 and in other case, it may pass such orders and issue such directions as it deems fit.”***

**89. The Committee find that there is absence of any alternate dispute resolution mechanism in the Bill. In Committee’s view absence of any such provision acts as deterrent especially for foreign companies entering into this sector in India. The Committee, therefore, desire that the Government should make an in-depth study of the norms followed in international business in such matters and on the basis of conclusions of this study an appropriate amendment may be made in the Act so that the foreign companies may not hesitate in making investment in petroleum sector.**

## **CHAPTER – VI**

### **POWER OF CENTRAL GOVERNMENT**

90. Clause 34 empowers the Central Government to issue directions in writing to the Board from time to time and clause 35 confers power on Central Government to take over control and management of facilities and business premises of any entity and retail outlets in public interest after affording an opportunity of hearing to the affected entities.

91. The Committee referred to the observations made by Experts that the wordings used in Petroleum Regulatory Board Bill is the same as that of Telecom Regulatory Act arming the immense powers to the Central Government to set aside even routine decision of the Regulator and wanted to know the reaction of the Government to this observation. Ministry of Petroleum and Natural Gas submitted the following justification:-

“Even in the deregulated scenario, the Government need to lay the policy relating to downstream petroleum sector activities to meet the objective of country’s oil security and the interests of consumers. Further, it is necessary that in the event of war, natural calamities, strike, industrial unrest, joint action by any group leading to disruption of supplies and any other similar circumstances affecting the vital public interest, the Central Government need to be empowered to intervene and, by notification for a limited period, to take over the control and management of any storage site, facilities and business premises of any entity and retail outlets, etc., suspend its operation or entrust any agency of the Central or the State Government to manage it in the manner directed by the Central Government for such period as provided for in the notification.

Keeping in view the above objectives, provisions have been laid down in Clauses 34 and 35 of the Bill. It is not at all intended that Government may interfere in day to day functioning of the Regulator. On the other hand, there are sufficient provisions in the Bill to ensure that the Board would operate at an arm’s length from the Government.”

92. U.P. Petroleum Traders Association (Regd.) has expressed that provisions made in the clauses 35 and 36 may be struck down. They have submitted the following justification for their demand:-

“(1) For that these provisions are ultra vires the Constitution of India and are void as it violates Fundamental Rights guaranteed under Article 14 & 19 (I) (g) of the Constitution of India.

(2) For that the said Bill is not protected under Article 31C of the Constitution of India as it has not been enacted to give effect to the provisions of Article 39 (b) and (c) of the Constitution of India.

(3) For that the said Bill has been made in colorable exercise of the legislative powers with the clear objectives of interfering with the

Fundamental Rights provided to an individual under the Constitution of India.

- (4) For that the provisions in Clause 35 and 36 of the Bill is an example of unconscionable and colorable exercise of legislative powers and should be struck down on this ground alone.
- (5) For that takeover of retail outlets sought to be enforced clearly infringes on the protection given under Article 300 A of the Constitution of India which provides that no person shall be deprived of property save by Authority of Law.
- (6) For that the aforesaid provisions of the Bill are violative of the fundamental Rights granted under Article 14 of the Constitution of India. The said provisions are arbitrary and discriminatory. By virtue of these provisions the interests of the dealers on retail outlet premises are sought to be expropriated by the State.
- (7) For that restriction to be reasonable within Article 19 (6) of the Constitution of India must strike a balance between the freedom guaranteed and the public interest and must not be excessive or arbitrary in nature. There is no reasonable nexus between the takeover of the retail outlet as sought by Impugned Bill and the purported object of the legislation. The words "Reasonable" implies fairness and deliberations, that is the choice of a course which reason dictates. The legislation which arbitrarily or excessively affects the Fundamental Rights when lesser restriction could have been sufficed to meet the object of the legislation, cannot be said to contain the quality of reasonableness and unless it strikes a balance between the freedom guaranteed under Article 19 (1) (g) and the public interest/social control permitted by the Article 19 (6) of the Constitution of India, the reasonableness must be held wanting. Such restrictions on the exercise of Fundamental Right cannot be arbitrary, or excessive, or beyond what is required in the interest of public interest. Impairment of the right of the individual and not the object of the State in taking the impugned action, is the measure of protection. The phrase "reasonable restrictions" connotes that the limitation imposed upon a person in the enjoyment of a right should not be arbitrary or of an excessive nature. Legislation which arbitrarily or excessively invades any of the six freedoms cannot be said to contain the quality of reasonableness and unless it strikes a proper balance between the freedoms guaranteed under Article 19 (1) (g) and the social control permitted by Article 19 (6), it must be held to be wanting in reasonableness. As such since the aforesaid clauses of the Bill violate the fundamental rights guaranteed under Article 19 (1) (g) of the Constitution are void, cannot sustain test of Law and are bound to be struck down.
8. For that it offends Article 301 of the Constitution which provides freedom on trade and commerce. Article 301 constitutes a clear restriction upon the legislative competence of the State."

**93. The Committee are in favour of supreme control of the Central Government in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States or public order as mentioned in clause 34 (1) but they do not support the interference of**

**Government in day to day functioning of the Regulator. The Committee, therefore, desire that before the existing proviso to clause 34 (2) another proviso may be inserted to the effect that such directives shall not relate to technical and administrative matters. The Committee also suggest that clause 34 (3) may be amended as under:-**

***“The decision of the Central Government whether the question is of one of policy or not in respect of issues stated in clause 34 (1) shall be final.”***

**94. The Committee feel that provision under clause 35 is of extreme nature and has to be resorted to under extreme and exceptional circumstances. The Committee desire that business and financial interests of entities should also be safeguarded. The Committee, therefore, recommend that this clause should be amended to include provision of compensation to affected persons.**

## **CHAPTER – VII**

### **OFFENCES AND PUNISHMENT**

95. Clause 36 : provides for punishment for contravention of directions of the Board.
- Clause 37 : provides for punishment for marketing of notified petroleum and petroleum products without a valid authorisation.
- Clause 38 : provides for punishment for establishing or operating a Liquefied Natural Gas terminal without authorisation.
- Clause 39 : provides for punishment for laying, building, operating or expanding a common carrier without authorisation.
- Clause 40 : provides for punishment for willful damages to common carrier.
- Clause 41 : provides for punishment for any offence committed under the Act by a company and covers the person incharge of the company.

**96. Marketing activities and establishment of LNG terminals and other activities involve huge investments and any violation of directions of the Board should be treated seriously. In Committee's view, the provisions against carrying out activities without valid authorisation should be made more stringent. The Committee, therefore, desire that the persons committing offences under the proposed Bill should be punishable with imprisonment which may extend to three years or with fine which may extend upto ten lakh rupees or with both. This will provide more strength in the hands of the Board.**

## **CHAPTER VIII**

### **MISCELLANEOUS**

97. Clause 42 reads as under:-

“(1) The Board shall maintain a data bank and information system relating to activities of entities dealing with petroleum and petroleum products in such form and manner as may be provided by the regulations.

(2) The Board shall have power to verify the data supplied by the entities and appoint any person or persons for the purpose and take such measures as it may consider necessary.”

**98. The Committee note that the Bill provides for maintenance by the Board of a data bank and information system relating to activities of entities dealing with petroleum and petroleum products. The Committee recommend that natural gas activities should also be included in it along with petroleum and petroleum products. They also recommend that there should be specific provisions in the regulations about maintenance of confidentiality of data by the Board. The Committee, however, desire that these provisions should not debar the general data in regard to supplies, sales as well as refining, import/export etc. from being made available by the Board to all the entities on a periodic basis.**

99. Clause 43 relates to obligations of entities and reads as under:-

“(1) Every entity shall –

- (a) maintain such documentary records as may be specified by the Board by regulations;
- (b) allow inspection of such facilities and documentary records, as may be specified by the Board, by any person authorised by the Board;
- (c) commence operation of activities for which authorisation has been granted within such period as may be specified by the Board in the document of authorisation;
- (d) register -
  - (i) agreements with the Board relating to use of pipelines for supply of petroleum and petroleum products; or
  - (ii) any other document which the Board may determine by regulations;
- (e) comply with marketing service obligations and retail service obligations.

(2) The Board may call for any information from any entity including information which is considered necessary for ensuring transparency or ascertaining true ownership of the entity.



(3) The Board or any officer authorised by the Board shall have the power to inspect and obtain information, wherever necessary, from the entities.

(4) For the effective enforcement of the terms and conditions of authorisation, the Board or any officer authorised by it for that purpose, shall have all the powers of an inspecting officer as provided under section 209A of the Companies Act, 1956.

(5) It shall be the duty of every entity to carry out the directions of the Board given under this section.

(6) The Board shall maintain confidentiality in respect of any information and record received by it from the entities and shall not disclose information contained therein to any person or authority except on the grounds of public interest.”

**100. The Committee note that clause 43 provides for obligations of entities which, *inter-alia*, include commencement of activities for which authorisation has been granted within time specified by the Board. The Committee, however, express their concern to find that there is no mention of any time scale and the requirement is too broad. All this may lead to uncertain conditions. Moreover in clause 43 (6) the basis of public interest is not described. The Committee, therefore, desire that the Government should incorporate specific provisions in these matters in the Bill itself or the regulations likely to be framed in future. They also desire that there should be specific mention of the conditions under which the inspection will be undertaken.**

101. Clause 53 seeks to empower the Board to monitor the implementation of agreement entered into between one oil company and another for sharing of petroleum products or infrastructure facilities as approved by the Central Government for the transition period. The Board shall also monitor setting up of dealerships and distributorships by the entities without affecting the retail network of the existing entities during the transition period. The expression transition period shall mean a period of two years commencing from 1.4.2002 and, where the Central Government thinks fit so to do, it may extend the period of two years by a further period of one year.

102. In response to specific query about the significance of this clause, the Ministry of Petroleum and Natural Gas submitted as under:-

“Oil companies have entered into agreements for sharing products and infrastructural facilities to ensure adequate supplies in all parts of the country. These agreements are valid for the transitional period of two years commencing from 1.4.2002. Prior to deregulation of the downstream petroleum sector, Government was coordinating the movement of these products through the Oil Coordination Committee. At the time of framing the Bill, it was felt necessary to provide statutory cover to these agreements through the Board [clause 53 (1)].

To prevent unhealthy competition by way of encroachment on retail outlets of existing marketing companies during the transition period and to ensure setting up of additional infrastructure by new entities, the Board has been authorized to monitor setting up of dealerships, etc. [Clause 53 (2)].

Other kinds of commercial contracts between an entity and a supplier or transporter will be covered under the provisions of the contract and the applicable law.”

**103. The Committee observe that the protection against encroachment on the existing retail network of the existing entities is available only for a period of two years. The Committee wish to point out that the the purpose of deregulation is to attract new investment into the sector and new players setting up their own networks. Transfer of retail network from one existing player to a new player does not involve generation of new assets and additional convenience to the consuming public but will only tantamount to transfer of assets. The Committee, therefore, recommend that the protection against encroachment of retail network of the existing entities should be at least for five years after which depending upon the trends, this clause may be reviewed. The Committee also recommend that natural gas should also be included along with petroleum products in this clause.**

**NEW DELHI;**

**7 May, 2003**

***Chairman***

**17 Vaisakha, 1925 (Saka)**

**MULAYAM SINGH YADAV**

***Standing Committee on  
Petroleum & Chemicals***

[The Petroleum Regulatory Board Bill, 2002](#)

**Bill No. 38 of 2002**

**THE PETROLEUM REGULATORY BOARD BILL, 2002**

A

**BILL**

*to provide for the establishment of the Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas so as to, protect the interests of consumers and entities engaged in specified activities relating to petroleum and petroleum products, ensure uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country, promote competitive markets and for matters connected therewith or incidental thereto.*

BE it enacted by Parliament in the Fifty-third Year of the Republic of India as follows:—

**CHAPTER I**

**PRELIMINARY**

1. (1) This Act may be called the Petroleum Regulatory Board Act, 2002.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

(4) It applies to refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas.

Short title,  
extent,  
commence-  
ment and  
application.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) “appointed day” means the date with effect from which the Board is established under sub-section (1) of section 3;

(b) “authorised entity” means an entity authorised to market any notified petroleum or petroleum products, or to establish and operate liquefied natural gas terminals, or to lay, build, operate or expand a common carrier under section 19 or, as the case may be, section 20.

(c) “auto liquefied petroleum gas” means a mixture of certain light hydrocarbons derived from petroleum, which are gaseous at normal ambient temperature and atmospheric pressure but may be condensed to the liquid state at normal ambient temperature by the application of moderate pressure, and which conform to such specifications for use as fuel in vehicles, as the Central Government may, in consultation with Bureau of Indian Standards, notify from time to time;

(d) “Board” means the Petroleum Regulatory Board established under sub-section (1) of section 3;

(e) “bulk sale” means sale of petroleum products other than retail sale;

(f) “Bureau of Indian Standards” means the Bureau of Indian Standards set up under section 3 of the Bureau of Indian Standards Act, 1986;

63 of 1986.

(g) “Chairperson” means the Chairperson of the Board appointed under section 4;

(h) “common carrier” means such pipelines for transportation of petroleum and petroleum products by more than one entity as the Board may declare or authorise from time to time under sub-section (3) of section 20, but does not include pipelines laid to supply—

(i) petroleum products to a specific consumer, or

(ii) crude oil;

(i) “compressed natural gas” means natural gas used as fuel for vehicles, typically compressed to the pressure of 200-250 bars in the gaseous state;

(j) “dealer” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, and appointed by an oil company to purchase, receive, store and sell motor spirit, high speed diesel, auto liquefied petroleum gas or compressed natural gas;

(k) “distributor” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, and appointed by an oil company to purchase, receive, store and sell to consumers liquefied petroleum gas in cylinders;

(l) “entity” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, other than a dealer or distributor, and engaged in refining, processing, storage, transportation, distribution, marketing, import and export of petroleum and petroleum products including laying of pipelines for transportation of petroleum and petroleum products, or establishing and operating a liquefied natural gas terminal;

(m) “exchange of products” shall mean giving and receiving of a petroleum product in accordance with an agreement entered into by the concerned entities;

(n) “high speed diesel” means any hydrocarbon oil (excluding mineral colza oil and turpentine substitute), which conforms to such specifications for use as fuel in compression ignition engines, as the Central Government may, in consultation with the Bureau of Indian Standards, notify from time to time;

(o) “kerosene or superior kerosene oil” means a middle distillate mixture of hydrocarbons which conforms to such specifications, as the Central Government may, in consultation with the Bureau of Indian Standards, notify from time to time;

(p) “liquefied petroleum gas” means a mixture of light hydrocarbons containing propane, isobutane, normal butane, butylenes, or such other substance which is gaseous at normal ambient temperature and atmospheric pressure but may be condensed to liquid state at normal ambient temperature by the application of pressure and conforms to such specifications, as the Central Government may, in consultation with the Bureau of Indian Standards, notify from time to time;

(q) “marketing service obligations” means obligations to set up marketing infrastructure, retail outlets in remote areas, maintain minimum stock of notified petroleum and petroleum products and such other obligations as may be provided by regulations;

(r) “maximum retail price” means the maximum price fixed by an entity at which the petroleum and petroleum products may be sold to the retail consumers and includes all taxes, cess and levies, local or otherwise and freight or commission payable to the dealers;

(s) “member” means a member of the Board appointed under section 4 and includes the Chairperson;

(t) “motor spirit” means any hydrocarbon oil (excluding crude mineral oil) used as fuel in spark ignition engines which conforms to such specifications, as the Central Government may, in consultation with the Bureau of Indian Standards, notify from time to time;

(u) “natural gas” means gas consisting of methane, ethane, propane, butane, pentane and other gas with similar characteristics produced from gas wells, gas condensate wells or oil wells and includes —

(i) any residual gas which is obtained after processing such gas upon removal of liquefied hydrocarbon and impurities therefrom ;

(ii) gas in liquid state, namely, liquefied natural gas ;

(iii) methane obtained from coal seams, namely, coal bed methane; and

(iv) compressed natural gas;

(v) “notification” means a notification published in the Official Gazette and the expression “notified” with its cognate meanings and grammatical variation, shall be construed accordingly;

(w) “notified petroleum and petroleum products” means such petroleum and petroleum products as the Central Government may notify from time to time in the Official Gazette, after being satisfied that it is necessary or expedient so to do for maintaining or increasing their supplies or for securing their equitable distribution and availability at fair price;

(x) “oil company” means a company registered under the Companies Act, 1956 and includes an association of persons, society or firm by whatsoever name called or referred to for carrying out an activity relating to petroleum and petroleum products;

(y) “petroleum” means any liquid hydrocarbon or mixture of hydrocarbons, and any inflammable mixture (liquid, viscous or solid) containing any liquid hydrocarbon, including crude oil, liquefied petroleum gas and natural gas, and the expression ‘petroleum product’ shall mean any product manufactured from petroleum;

(z) “prescribed” means prescribed by rules made by the Central Government under this Act;

(za) “public distribution system” means the system of distribution, marketing or selling of petroleum products, at the Government controlled or declared price through a distribution system approved by the Central or State Government;

(zb) “regulations” means regulations made by the Board under this Act;

(zc) “retail outlet” means filling station where one or more dispensing pumps have been provided for sale of motor spirit, high speed diesel, auto liquefied petroleum gas or compressed natural gas, and includes distributorship for liquefied petroleum gas or dealership for kerosene;

(zd) “retail sale” means sale of motor spirit, high speed diesel, auto liquefied petroleum gas and compressed natural gas from retail outlet;

(ze) “retail service obligations” means obligations of dealers and distributors for maintaining supplies to consumers throughout the specified working hours and of specified quality, quantity and display of maximum retail price of notified petroleum and petroleum products as may be provided by regulations;

(zf) “rules” means rules made by the Central Government under this Act;

(zg) “Secretary” means the Secretary of the Board ;

(zh) “transportation rate” in relation to common carrier means such rate for moving each unit of petroleum or petroleum products as the authorised entity may fix in accordance with the regulations made by the Board.

## CHAPTER II

### PETROLEUM REGULATORY BOARD

Establishment and incorporation of the Board.

**3. (1) With effect from such date as the Central Government may, by notification, appoint there shall be established, for the purposes of this Act, a Board to be called the Petroleum Regulatory Board.**

(2) The Board shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.

**(3) The Board shall consist of a Chairperson and other members not exceeding four in number, to be appointed by the Central Government.**

**(4) The head office of the Board shall be at New Delhi.**

Qualifications for appointment of Chairperson and other members.

**4.** The Central Government shall appoint the Chairperson and other members of the Board from amongst persons of eminence in the fields of petroleum industry, management, finance, law, administration or consumer affairs.

Term of office, conditions of service, etc., of Chairperson and other members.

**5. (1)** Before appointing any person as the Chairperson or other member the Central Government shall satisfy itself that such person does not have any financial or other interest which is likely to affect prejudicially his functions as Chairperson or such other member.

(2) The Chairperson and other members shall hold office for a term of five years from the date on which they enter upon their offices or until they attain the age of sixty-five years, whichever is earlier:

Provided that the Chairperson and other members shall not be eligible for re-appointment.

*Explanation .—* For the purpose of this section, appointment of a member as Chairperson shall not be deemed to be re-appointment.

(3) A person in the service of the Central Government, a State Government or an undertaking, corporation or company owned or controlled by the Central Government or a State Government shall resign or retire from such service before joining as the Chairperson or other member as the case may be.

**(4) The salary and allowances payable to and the other terms and conditions of service of the Chairperson and the other members shall be such as may be prescribed:**

**Provided that neither the salary and allowances nor the other terms and conditions of service of the Chairperson or other member shall be varied to his disadvantage after appointment.**

(5) The Chairperson or other member may resign his office by giving notice thereof in writing to the Central Government and on such resignation being accepted, the Chairperson or such other member shall be deemed to have vacated his office.

(6) The Chairperson or any other member, upon ceasing to hold office as such, shall —

(a) be ineligible for further employment under the Central Government or any State Government; and

(b) not accept any commercial employment for a period of two years from the date he ceases to hold such office.

*Explanation.—*For the purposes of this section, “commercial employment” means employment in any capacity under, or agency of, a person engaged in trading, commercial, industrial or financial business in any field and includes also a director of a company or partner of a firm and also includes setting up practice either independently or as partner of a firm or as an advisor or a consultant.

**6.** The Chairperson shall have the powers of general superintendence and directions in the conduct of the affairs of the Board and shall, in addition to presiding over the meetings of the Board, exercise and discharge such other powers and functions of the Board, as may be assigned to him by the Board.

Powers of  
Chairperson.

**7.** The Central Government may remove from office the Chairperson or any member, who —

Removal of  
Chairperson  
or any other  
member from  
office.

(a) has been adjudged as insolvent ; or

(b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude ; or

(c) has become physically or mentally incapable of acting as a member; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a member ; or

(e) has so abused his position as to render his continuance in office prejudicial to the public interest :

Provided that a person shall not be removed from his office as Chairperson or other member under clause (d) or clause (e) unless he has been given a reasonable opportunity of being heard in the matter.

**8. (1)** The Board shall meet at such times and places, and shall observe such procedure in regard to the transaction of business at its meetings as may be provided by regulations.

Meetings of  
the Board.



(2) The Chairperson or, if he is unable to attend a meeting of the Board, the senior-most member present, reckoned from the date of appointment to the Board shall preside at the meeting:

Provided that in case of common date of appointment of members, the member senior in age shall be considered as senior to the other members.

(3) All questions which come up before any meeting of the Board shall be decided by a majority of the members present and voting, and in the event of an equality of votes, the Chairperson or in his absence, the person presiding shall have a second or casting vote.

(4) All orders and decisions of the Board shall be authenticated by the Secretary or any other officer of the Board duly authorised by the Chairperson in this behalf.

9. No act or proceeding of the Board shall be invalid merely by reason of —

Vacancies,  
etc., not to  
invalidate  
proceedings of  
the Board

(a) any vacancy in, or any defect in the constitution of, the Board; or

(b) any defect in the appointment of a person acting as a member of the Board;

or

(c) any irregularity in the procedure of the Board not affecting the merits of the case.

Officers and  
other  
employees of  
the Board

**10. (1) The Board may appoint a Secretary to exercise and perform under the control of the Chairperson, such powers and duties as may be specified by regulations :**

**Provided that the first Secretary to the Board shall be appointed by the Central Government.**

(2) **The Board may, with the prior approval of the Central Government, determine the number, nature and categories of other officers and employees required to assist the Board in the discharge of its functions.**

(3) **The salary and allowances payable to and the other terms and conditions of service of the Secretary, the others officers and employees of the Board shall be such as may be prescribed.**

(4) **The Board may, in consultation with the Central Government, appoint consultants required to assist in the discharge of its functions on such terms and conditions as may be determined by regulations.**

Regional  
offices of the  
Board.

**11. (1) The Board may have regional offices at such places as it may think necessary having regard to public interest and magnitude of the work.**

(2) The regional offices of the Board shall perform such functions as may be provided by regulations.

### CHAPTER III

#### FUNCTIONS AND POWERS OF THE BOARD

Functions of  
the Board.

**12.** The Board may —

(a) protect the interest of consumers by fostering fair trade and competition amongst the entities;

(b) authorise entities to —

(i) market notified petroleum and petroleum products;

(ii) establish and operate liquefied natural gas terminals;

(iii) lay, build, operate or expand a common carrier;

(c) declare pipelines as common carrier;

(d) regulate —

(i) access to common carrier by regulations so as to ensure fair trade and competition amongst entities;

(ii) transportation rates for common carrier by regulations;

(e) in respect of notified petroleum and petroleum products —

(i) ensure adequate availability;

(ii) ensure display of information about the maximum retail prices fixed by the entity for consumers at retail outlets;

(iii) monitor prices and take corrective measures to prevent profiteering by the entities;

(iv) secure equitable distribution;

(v) provide by regulations and enforce, retail service obligations for retail outlets and marketing service obligations for entities;

(f) levy fees and other charges as determined by regulations;

(g) maintain a data bank of information on activities relating to petroleum and petroleum products;

(h) perform such other functions as may be entrusted to it by the Central Government to carry out the provisions of this Act.

**13. (1)** The Board shall have jurisdiction to —

(a) decide any dispute or matter arising amongst entities or between an entity and any other person on issues relating to refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products according to the provisions of Chapter V;

(b) receive any complaint from any person regarding profiteering by an entity or contravention of —

(i) retail service obligations;

(ii) marketing service obligations;

(iii) display of maximum retail price at retail outlets;

(iv) terms and conditions subject to which a pipeline was declared as common carrier, or authorisation was granted to an entity for laying, building, operating or expanding a pipeline as common carrier or for establishing a liquefied natural gas terminal or for marketing notified petroleum and petroleum products;

(v) any other provision of this Act or the rules or the regulations or orders made thereunder.

(2) While deciding a complaint under sub-section (1), the Board may pass such orders and issue such directions as it deems fit or refer the matter for investigation according to the provisions of Chapter V.

5 of 1908.

**14. (1)** The Board shall have, for the purposes of discharging its functions under this Act, the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 while trying a suit, in respect of the following matters, namely, -

(a) summoning and enforcing the attendance of any person and examining him on oath;

(b) requiring the discovery and production of documents;

Powers regarding complaints and resolution of disputes by the Board.

Procedure of the Board.

- (c) receiving evidence on affidavits;
- (d) issuing commissions for the examination of witnesses or documents;
- (e) dismissing an application for default or deciding it *ex parte*;
- (f) setting aside any order of dismissal of any application for default or any order passed by it *ex parte*;
- (g) granting interim relief; and
- (h) any other matter which may be prescribed.

(2) Every proceeding before the Board shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228, and for the purposes of section 196, of the Indian Penal Code and the Board shall be deemed to be a civil court for the purposes of section 195 and Chapter XXVI of the Code of Criminal Procedure, 1973.

45 of 1860.  
2 of 1974.

(3) The Board shall be guided by the principles of natural justice and subject to other provisions of this Act and of any rules made thereunder, shall have powers to regulate its own procedure including the places at which it shall conduct its business.

#### CHAPTER IV AUTHORISATIONS

Register of authorisations.

**15.** (1) For the purpose of this Act, a record called the register of authorisations shall be kept at the office of the Board containing details of entities authorised for marketing notified petroleum and petroleum products, or for establishing and operating liquefied natural gas terminals, or for laying, building, operating or expanding a common carrier, as may be provided by the Board by regulations.

(2) A copy of any entry in the register purporting to be maintained by the Board and certified as such by an officer authorised by the Board, shall be admitted in evidence in all courts and in all proceedings without further proof or production of the original.

(3) The register shall be open to public inspection at the office of the Board.

(4) Any person may, on application to the Board, and on payment of such fee as may be determined by the Board, obtain a certified copy of any entry in the register.

Authorisation.

**16.** No entity shall —

- (a) market any notified petroleum or petroleum product;
- (b) lay, build, operate or expand any pipeline as a common carrier; and
- (c) establish or operate a liquefied natural gas terminal, without obtaining authorisation under this Act:

Provided that an entity marketing any notified petroleum and petroleum product, and establishing or operating a liquefied natural gas terminal on the appointed day shall be deemed to have such authorisation subject to the provisions of this Chapter.

Application for authorisation.

**17.** (1) An entity which proposes to market any notified petroleum or petroleum products, or to establish and operate a liquefied natural gas terminal shall apply in writing for authorisation for operating such activity to the Board:

Provided that an entity marketing any notified petroleum or petroleum product, or establishing or operating a liquefied natural gas terminal on the appointed date shall furnish the particulars of such activities to the Board within six months from the appointed day.

(2) An entity which is laying, building, operating or expanding, or which proposes to lay, build, operate or expand, a pipeline as a common carrier shall apply in writing for obtaining an authorisation under this Act.

(3) Every application under sub-sections (1) and (2) shall be made in such form and manner and accompanied with such fee as the Board may provide by regulations.

(4) Subject to the provisions of this Act, the Board may either reject or accept an application made to it, subject to such amendments or conditions, if any, as it may think fit.

(5) In the case of refusal or conditional acceptance of an application, the Board shall record in writing the grounds for such rejection or conditional acceptance.

**18.** When an application for authorisation for marketing notified petroleum and petroleum products, or for establishing and operating a liquefied natural gas terminal, or for laying, building, operating or expanding a common carrier is accepted whether absolutely or subject to conditions or limitations, the Board shall, as soon as may be, cause such acceptance to be known to the public in such form and manner as may be provided by the regulations.

Publicity of applications.

**19.** The Board may, after hearing the parties interested, grant authorisation subject to such terms and conditions as it may specify.

Grant of authorisation.

**20.** (1) If the Board is of the opinion that it is necessary or expedient, to declare a pipeline for transportation of petroleum and petroleum products as a common carrier, or that an entity be authorised to lay, build and operate or expand a pipeline as common carrier, it may give wide publicity of its intention to do so and invite objections and suggestions within a specified time from all persons and entities likely to be affected by such declaration, or authorisation.

Declaring, laying, building, etc., of common carrier.

(2) For the purposes of sub-section (1), the Board shall provide an opportunity of hearing to the entity owning, laying, building, operating or expanding the pipeline, as the case may be, and fix the terms and conditions subject to which the pipeline may be declared as a common carrier, or an entity may be authorised for laying, building, operating or expanding a pipeline as a common carrier and pass such orders as it deems fit having regard to the public interest, competitive transportation rates and right of first use.

(3) The Board may, subject to the terms and conditions fixed under sub-section (2), by notification —

(a) declare a pipeline as common carrier; or

(b) authorise an entity to lay, build, operate or expand a pipeline as a common carrier.

(4) For the purposes of this section, the Board shall be guided by the objectives of promoting competition in marketing among entities, avoiding infructuous investment, maintaining or increasing supplies or for securing equitable distribution and availability of petroleum and petroleum products at fair price throughout the country and follow such principles as the Board considers appropriate in carrying out its functions under this section by regulations.

**21.** (1) The entity laying, building, operating or expanding a pipeline for transportation of petroleum and petroleum products shall have right of first use for its own requirement and the remaining capacity shall be used amongst entities as the Board may, after issuing a declaration under section 20, determine having regard to needs of fair competition in marketing and availability of petroleum and petroleum products throughout the country.

Right of first use, etc.

(2) An entity other than an entity authorised to operate shall pay transportation rate for use of common carrier to the entity operating it as an authorised entity.

(3) An entity authorised to lay, build, operate or expand a pipeline as common carrier shall be entitled to institute proceedings before the Board to prevent, or to recover damages for, the infringement of any right relating to authorisation.

*Explanation.* — For the purposes of this sub-section, “the infringement of any right” means doing of any act by any person which interferes with common carrier or causes prejudice to the authorised entity.

Suspension or  
cancellation  
of  
authorisation.

**22.** The Board may, on application of an affected party or on its own motion, if it is satisfied that the entity in favour of which authorisation has been granted under section 19 or under section 20 has failed to comply with any conditions of authorisation, after giving an opportunity of hearing to such entity, suspend authorisation for such period as it may think fit or cancel the authorisation:

Provided that where the Board is of the opinion that an authorised entity persistently acts in a manner prejudicial to the interests of consumers, it may take action for the suspension of the authorisation immediately subject to the opportunity of hearing being given subsequently, after which action so taken may be confirmed or revoked.

## CHAPTER V

### SETTLEMENT OF DISPUTES

Board to settle  
disputes.

**23.** (1) If any dispute arises, in respect of matters referred to in sub-section (2) among entities or between an entity and any other person, such dispute shall be decided by a Bench consisting of two members nominated by the Chairperson:

Provided that if the members of the Bench differ on any point or points, they shall state the point or points on which they differ and refer the same to a third member for hearing on such point or points and such point or points shall be decided according to the opinion of that member.

(2) The Bench constituted under sub-section (1) shall exercise, on or from the appointed day, all such jurisdiction, powers and authority as were exercisable by a civil court on any matter relating to —

(a) refining, processing, storage, transportation and distribution of petroleum and petroleum products by the entities;

(b) marketing and sale of petroleum and petroleum products including the quality of service and security of supply to the consumers by the entities; and

(c) authorisation issued by the Board under section 19 or section 20.

(3) Notwithstanding anything contained in the Code of Civil Procedure, 1908 or the Monopolies and Restrictive Trade Practices Act, 1969, the Board shall have the power to decide matters referred to in sub-section (2) and on or after the appointed date, neither the Civil Court nor the Monopolies and Restrictive Trade Practices Commission shall have any jurisdiction in the matter referred to in sub-section (2).

5 of 1908.  
54 of 1969.

Filing of  
complaints.

**24.** (1) A complaint may be filed before the Board by any person in respect of matters relating to entities or between entities on matters arising out of the provisions of this Act:

Provided that the complaints of individual consumers maintainable before the consumer dispute redressal forums under the Consumer Protection Act, 1986 shall not be taken up by the Board but shall be heard and disposed of by the consumer forums only.

68 of 1986.

*Explanation.*—For the purposes of this sub-section, the expression “the consumer dispute redressal forums” shall mean the district forum, State Commission and the National Commission, as the case may be, constituted under the provisions of the Consumer Protection Act, 1986.

68 of 1986.

(2) Every complaint made under sub-section (1) shall be filed within sixty days from the date on which any act or conduct constituting a contravention took place and shall be in such form as may be provided by the regulations:

Provided that the Board may entertain a complaint after the expiry of the said period if it is satisfied that there was sufficient cause for not filing the complaint within that period.

(3) On receipt of a complaint under sub-section (1), if the Board is of the opinion that there is a *prima facie* case against an entity, it may either investigate on its own or refer the

matter for investigation under this Chapter, to an Investigating Officer having jurisdiction; and, where the matter is referred to such Investigating Officer, on receipt of report from him, the Board may hear and dispose of the complaint as a dispute where it falls under sub-section (2) of section 23 and in other case, it may pass such orders and issue such directions as it deems fit.

**25.** (1) For the purposes of provisions of section 24, the Board shall, subject to the provisions of sub-section (3), appoint by general or special order, an officer of the Board as an Investigating Officer for holding an inquiry in the manner provided by the regulations.

Power to investigate.

(2) The Investigating Officer shall give the person referred to in sub-section (1) a reasonable opportunity for making a representation in the matter.

(3) No person shall be appointed as an Investigating Officer unless he possesses such qualification and experience as may be determined by the Board by regulations.

(4) Where more than one investigating officer is appointed, the Board shall specify, by order, the matters and local limits of jurisdiction with respect to which such officers shall exercise their jurisdiction.

**26.** The Board shall, while deciding a dispute under this Chapter have due regard to the provisions of this Act, and also to the following factors, namely:—

Factors to be taken into account by the Board.

(a) the amount of disproportionate gain made or unfair advantage derived, wherever quantifiable, as a result of the default;

(b) the amount of loss caused to an entity as a result of the default;

(c) the repetitive nature of the default.

**27.** In case any complaint is filed before the Board by any person or if the Board is satisfied that any person has contravened a direction issued by the Board under this Act to provide access to, or to adhere to the transportation rate in respect of a common carrier, or to display maximum retail price at retail outlets, or violates the terms and conditions subject to which authorisation has been granted under section 19 or section 20 or the retail service obligations or marketing service obligations, or does not furnish information, document, return or report required by the Board may after giving such person an opportunity of being heard in the matter, by order in writing, direct that, without prejudice to any other penalty to which he may be liable under this Act, such person shall pay, by way of civil penalty an amount which shall not exceed one lakh rupees for each contravention and in case of a continuing failure with additional penalty which may extend to six thousand rupees for per every day during which the failure continues after contravention of the first such direction.

Penalty for contravention of directions given by the Board.

**28.** Any person aggrieved by any decision or order of the Board or its Bench constituted under sub-section (1) of section 23, may file an appeal to the High Court within thirty days from the date of communication of the decision or order of the Board to him:

Appeals.

Provided that the High Court may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding sixty days.

**29.** Every order made by

(a) the Board under this Act; or

(b) the High Court in any appeal,

Order passed under the Act deemed to be a decree.

shall, on a certificate issued by an officer of the Board or the Registrar of the High Court, as the case may be, shall be executable in the same manner as if it were a decree of the Court:

Provided that where an appeal lies against an order of the Board and no appeal is preferred then the order of the Board shall be deemed to be a decree under this section on the expiry of the period allowed for preferring appeal against such order before the High Court.

## CHAPTER VI

## FINANCE, ACCOUNTS AND AUDIT

Grants by  
Central  
Government.

**30. The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Board grants of such sums of money as are required to pay salaries and allowances payable to the Chairperson and the other members and the administrative expenses including the salaries, allowances and pensions payable to the officers and employees of the Board.**

Fund.

**31. (1) There shall be constituted a Fund to be called the Petroleum Regulatory Board Fund and there shall be credited thereto—**

**(i) all grants, fees, penalties and charges received by the Board under this Act; and**

**(ii) all sums received by the Board from such other sources as may be approved by the Central Government.**

**(2) The Fund shall be applied for making payments towards—**

**(i) the salaries and allowances payable to the Chairperson and other members and the administrative expenses including the salaries, allowances and pensions payable to the officers and employees of the Board;**

**(ii) the expenses incurred or to be incurred in carrying out the provisions of this Act.**

Accounts and  
audit.

**32. (1) The Board shall maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India.**

**(2) The accounts of the Board shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and any expenditure incurred in connection with such audit shall be payable by the Board to the Comptroller and Auditor-General of India.**

**(3) The Comptroller and Auditor-General of India or any other person appointed by him in connection with the audit of the accounts of the Board shall have the same rights and privileges and authority in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and inspection of offices of the Board.**

**(4) The accounts of the Board as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.**

Annual report  
and its laying  
before  
Parliament.

**33. (1) The Board shall prepare once every year in such form and at such time as may be prescribed, an annual report giving a summary of its activities including information relating to the proceedings and policies during the previous years as may be prescribed. Such report shall also contain statements of annual accounts of the Board.**

**(2) A copy of the report shall be forwarded to the Central Government and the Central Government shall cause such report to be laid, as soon as may be after it is received before each House of Parliament.**

## CHAPTER VII

## POWER OF CENTRAL GOVERNMENT

Power of  
Central  
Government  
to issue  
directions.

**34. (1) The Central Government may, from time to time, by writing, issue to the Board such directions as it may think necessary in the interest of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States or public order.**

(2) Without prejudice to the foregoing provision, the Central Government may, if it finds necessary or expedient so to do, for maintaining or increasing supplies of petroleum or petroleum products or both or for securing their equitable distribution and availability at fair price, issue policy directives to the Board in writing and such policy directives shall be binding upon the Board:

Provided that the Board shall, as far as practicable, be given an opportunity of expressing its views before any directive is issued under this sub-section.

(3) The decision of the Central Government whether a question is one of policy or not shall be final.

**35.** In the event of war, natural calamity, strike, industrial unrest, joint action by any group leading to disruption of supply, and any other circumstance affecting public interest, the Central Government may, with a view to ensuring continuous supply of petroleum or petroleum products and their equitable distribution, by notification, for such limited period as may be provided in the notification, in public interest, either take over the control and management of any storage site, facilities and business premises of any entity and retail outlets or suspend its operation or entrust to any agency of the Central or State Government to manage it in the manner directed by the Central Government:

Taking over control and management of facilities and business premises of any entity and retail outlets in public interest.

Provided that the affected entities shall be given an opportunity of hearing before issuing orders to take over the control and management of retail outlets and other business premises:

Provided further that in case of urgency or in cases where the circumstances do not permit serving of notice for want of sufficient time or otherwise upon the entity against whom the order is directed, the opportunity of hearing may be dispensed with in the public interest in order to maintain the uninterrupted supply of petroleum or petroleum products for a specified period.

## CHAPTER VIII

### OFFENCES AND PUNISHMENT

**36.** If a person violates directions of the Board, such person shall be punishable with fine which may extend to one lakh rupees and in case of second and subsequent offence with a fine which may extend to two lakh rupees and in case of continuing contravention with additional fine which may extend to two lakh rupees for every day during which the default continues.

Punishment for contravention of directions of the Board.

**37.** If an entity markets any notified petroleum or petroleum products without a valid authorisation, such entity shall be punishable with imprisonment which may extend to three years or with fine which may extend to two lakh rupees, or with both, and, for the second and subsequent offence with an imprisonment which may extend to five years, or with fine which may extend to five lakh rupees, or with both.

Punishment for unauthorised activities.

**38.** If a person establishes or operates a liquefied natural gas terminal without obtaining authorisation required under section 16, such person shall be liable for punishment with an imprisonment for a term which may extend to three years or penalty of rupees ten lakh or both.

Punishment for establishing or operating a liquefied natural gas terminal without authorisation.

**39.** If a person lays, builds, operates or expands a common carrier without obtaining authorisation required under section 16, such person shall be liable for punishment with an imprisonment for a term which may extend to three years or penalty of rupees ten lakh or both.

Punishment for laying, building, operating or expanding a common carrier without authorisation.



Punishment for wilful damages to common carrier.

**40.** Every person who wilfully removes, destroys or damages any pipeline or other work of the common carrier for supplying petroleum and petroleum products shall for each such offence be punishable with imprisonment which may extend to three years or with fine which may extend to two lakh rupees or with both, and, for the second and subsequent offence with imprisonment which may extend to five years, or with fine which may extend to five lakh rupees, or with both.

Offences by companies.

**41.** (1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he has exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

*Explanation.*—For the purpose of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

## CHAPTER IX

### MISCELLANEOUS

Maintenance of data bank and information.

**42.** (1) The Board shall maintain a data bank and information system relating to activities of entities dealing with petroleum and petroleum products in such form and manner as may be provided by regulations.

(2) The Board shall have power to verify the data supplied by the entities and appoint any person or persons for the purpose and take such measures as it may consider necessary.

Obligations of entities.

**43.** (1) Every entity shall—

(a) maintain such documentary records as may be specified by the Board by regulations;

(b) allow inspection of such facilities and documentary records, as may be specified by the Board, by any person authorised by the Board;

(c) commence operation of activities for which authorisation has been granted within such period as may be specified by the Board in the document of authorisation;

(d) register—

(i) agreements with the Board relating to use of pipelines for supply of petroleum and petroleum products; or

(ii) any other document which the Board may determine by regulations;

(e) comply with marketing service obligations and retail service obligations.

(2) The Board may call for any information from any entity including information which is considered necessary for ensuring transparency or ascertaining true ownership of the entity.

- (3) The Board or any officer authorised by the Board shall have the power to inspect and obtain information, wherever necessary, from the entities.
- (4) For the effective enforcement of the terms and conditions of authorisation, the Board or any officer authorised by it for that purpose, shall have all the powers of an inspecting officer as provided under section 209A of the Companies Act, 1956.
- (5) It shall be the duty of every entity to carry out the directions of the Board given under this section.
- (6) The Board shall maintain confidentiality in respect of any information and record received by it from the entities and shall not disclose information contained therein to any person or authority except on the grounds of public interest.
- 44.** The Board shall furnish to the Central Government at such time and in such form and manner as may be prescribed or as the Central Government may direct, such returns and statements and such particulars in regard to any matter in connection with proposed or existing activities under this Act, as the Central Government may, from time to time, require.
- 45.** The Chairperson, members, officers and other employees of the Board shall be deemed, when acting or purporting to act in pursuance of any of the provisions of this Act, to be public servants within the meaning of section 21 of the Indian Penal Code.
- 46.** No suit, prosecution or other legal proceeding shall lie against the Central Government, Board, or any officer of the Central Government or any member, officer or other employee of the Board for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder.
- 47.** No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the Board is empowered by or under this Act to determine, and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken in pursuance of any power conferred by or under this Act.
- 48.** (1) No court shall take cognizance of any offence punishable under Chapter VIII save on a complaint made by the Board.
- (2) No court inferior to that of a Chief Metropolitan Magistrate or of a Chief Judicial Magistrate *of the first class* shall try any offence punishable under Chapter VIII.
- (3) Every offence punishable under section 37, section 38, section 39 or section 40 shall be cognizable.
- 49.** The Board may, by general or special order in writing, delegate to any member or officer of the Board subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act (except the power to settle a dispute under Chapter V and to make regulations under section 51), as it may deem necessary.
- 50.** (1) The Central Government may, by notification, make rules for carrying out the provisions of this Act.
- (2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—
- (a) the salary and allowances payable to and the other conditions of service of the Chairperson and the other members under section 5;
- (b) the salary and allowances payable to and the other conditions of service of the Secretary, officers and other employees of the Board under sub-section (3) of section 10;
- (c) any other matters in respect of which the Board may exercise the powers of a civil court under clause (h) of sub section (1) of section 14;

1 of 1950.

45 of 1860.

Furnishing of returns, etc., to Central Government.

Chairperson, members, etc., to be public servants.

Protection of action taken in good faith.

Civil courts not to have jurisdiction.

Cognizance of certain offences.

Delegation.

Power of Central Government to make rules.

(d) the manner in which the accounts of the Board shall be maintained under section 32;

(e) the time and manner in which the annual report of the Board shall be prepared under section 33;

(f) the time and manner in which returns and statements are to be furnished by the Board to the Central Government under section 44;

(g) any other matter which is to be, or may be, prescribed, or in respect of which provision is to be made, by rules.

Power of the Board to make regulations.

**51.** (1) The Board may, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) the time and places of meetings of the Board and the procedure to be followed at such meetings under section 8, including quorum necessary for the transaction of business;

(b) the powers and duties of the Secretary under sub-section (1) of section 10;

(c) the terms and conditions of the consultants appointed under sub-section (4) of section 10;

(d) the functions and powers of regional offices of the Board under section 11;

(e) regulating open access to and transportation rate for the common carrier under clause (d) of section 12;

(f) marketing service obligations for entities and retail service obligations for retail outlets under sub-clause (v) of clause (e) of section 12;

(g) levy of fees and other charges under clause (f) of section 12;

(h) the procedure to be followed by the Board including the places at which it shall conduct its business under section 14;

(i) the manner of maintaining the register of authorisation under section 15;

(j) the form and manner of making application and the fee which shall accompany such application, under sub-section (3) of section 17;

(k) the form and manner of causing wide publicity of an application for authorisation under section 18;

(l) the guiding principles and objectives for declaring, or authorising to lay, build, operate or expand a common carrier under section 20;

(m) the form in which a complaint may be made under sub-section (2) of section 24;

(n) the manner of holding an inquiry by an Investigating Officer under sub-section (1) of section 25;

(o) the qualification and experience required for appointment of Investigating Officer under sub-section (3) of section 25;

(p) the form and manner of maintaining data bank and information system by the Board under sub-section (1) of section 42;

(q) maintenance of documentary records by an entity as specified under clause (a) of sub-section (1) of section 43;

(r) any other type of documents which are to be registered with the Board under clause (d) of sub-section (1) of section 43;

(s) any other matter which is required to be, or may be, specified by regulations or in respect of which provision is to be or may be made by regulations.

**52.** Every rule and regulation made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation should not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Rules and regulations to be laid before Parliament.

**53.** (1) Where, before the commencement of this Act, an agreement or agreements have been entered into between one oil company and another for the purpose of sharing of petroleum products or the sharing of infrastructure facilities among the oil companies and such agreements have been approved by the Central Government, the Board may monitor the implementation of such agreements for the transition period.

Transitional arrangements.

(2) The Board shall monitor setting up of dealerships and distributorships of motor spirit, high speed diesel, superior kerosene oil and liquefied petroleum gas by the entities without affecting in any manner whatsoever on the retail network of the existing entities.

*Explanation I.*—For the purposes of this section the expression “transition period” shall mean a period of two years commencing from 1st day of April, 2002 and, where the Central Government thinks fit so to do, it may extend the period of two years by a further period of one year having regard to availability of petroleum and petroleum products at fair price throughout the country.

*Explanation II.*—For the purposes of this section, “infrastructure facilities” shall mean facilities at ports, refineries, terminals, depots and aviation fuelling stations including hydrant lines and shall include loading and unloading facilities.

**54.** (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order, published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as it may deem necessary for removing the difficulty:

Power to remove difficulties.

Provided that no order shall be made under this section after the expiry of two years from the date of commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

## STATEMENT OF OBJECTS AND REASONS

Consequent upon the Government decision for phased dismantling of Administered Pricing Mechanism and full deregulation of petroleum sector from April 2002, marketing and pricing of all petroleum products except Public Distribution System (PDS) Kerosene and LPG (Domestic) have been decontrolled with effect from 1st April, 2002. One of the basic objectives of this Bill is to provide for a regulatory mechanism which would facilitate uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country including remote areas at fair price, promote competitive markets and access to monopolistic infrastructure in the nature of common carrier on non-discriminatory basis by all entities. With respect to such petroleum and petroleum products as may be notified by the Government from time to time, the Bill also entails provision of retail service obligations for retail outlets and marketing service obligations for entities. To prevent exploitation of consumers in the deregulated scenario, the Regulatory Board shall ensure that each marketing entity displays for the information of customers the maximum retail prices for the notified petroleum and petroleum products, and take steps in accordance with regulations, to prevent profiteering by the entities. Provisions have been made in this Bill to ensure redressal of grievances and protection of consumer interest as also resolution of disputes among entities or between an entity and any other person.

2. These objectives are intended to be achieved by:—

(a) setting up of a Petroleum Regulatory Board to oversee and regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products. The Board would operate at an arm's length from the Central Government;

(b) giving power to the Central Government to broadly lay down policy framework;

(c) making provision for the Central Government to intervene in matters adversely affecting public interest in certain exigencies;

(d) maintaining a data bank of information on activities relating to petroleum and petroleum products to enable planning and development thereof.

3. The Bill seeks to achieve the above objects.

RAM NAIK.

NEW DELHI;

*The 24th April, 2002.*

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## PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

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[Copy of letter No. P-45011/32/97-Mkt. (Dist), dated the 28th April, 2002 from Shri Ram Naik, Minister of Petroleum and Natural Gas to the Secretary-General, Lok Sabha]

The President, having been informed of the subject matter of the Petroleum Regulatory Board Bill, 2002 recommends the introduction and consideration of the Petroleum Regulatory Board Bill, 2002 in the House under article 117(1) and (3) of the Constitution of India.

### *Notes on clauses*

*Clause 1.*—This clause provides for the short title, application of the proposed legislation to the entire country in the areas of refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas, and empowers the Central Government to appoint the date of commencement of the proposed legislation by notification in the Official Gazette.

*Clause 2.*—This clause defines the various expressions occurring in the proposed legislation.

*Clause 3.*—This clause provides for the composition, establishment and incorporation of the Petroleum Regulatory Board with its head office in New Delhi. The Board will be a body corporate having perpetual succession, a common seal and shall by the said name sue and be sued. The Board shall consist of a Chairperson and not more than four other members.

*Clause 4.*—This clause lays down the qualifications of the Chairperson and other members of the Board. It provides that the Central Government shall appoint the Chairperson and other members of the Board from amongst persons of eminence in the fields of petroleum industry, management, finance, law, administration or consumer affairs.

*Clause 5.*—This clause provides that the Chairperson and the other members shall hold office for a term of five years from the date on which he enters upon his office or until he attains the age of 65 years, whichever is earlier and that he will not be eligible for reappointment. Further, it provides for the fixation of salary and allowances payable to and the other terms and conditions of service of the Chairperson and other members. It also deals with the procedure of resignation by the Chairperson or other members of the Board. This clause also states that the Chairperson or the other members ceasing to hold office in the Board shall be ineligible for further employment under the Central Government, State Government and will not accept any commercial employment for a period of two years from the date he ceases to hold such office.

*Clause 6.*—This clause lays down the powers of the Chairperson with regard to functioning of the Board in addition to presiding over the meetings of the Board.

*Clause 7.*—This clause deals with the circumstances under which the Chairperson and other members of the Board may be removed from office and the procedure to be followed in such removal.

*Clause 8.*—This clause empowers the Board to determine the procedure for the transaction of business in its meetings including times and places of such meetings.

*Clause 9.*—This clause enumerates the circumstances under which the acts or proceedings of the Board shall not be invalidated.

*Clause 10.*—This clause makes provisions for the appointment of Secretary, other officers and employees of the Board and for the determination of the salaries and allowances and the other terms and conditions of service of the Secretary, other officers and employees of the Board. It also provides for appointment of consultants as may be required to assist the Board.

*Clause 11.*—This clause provides for the establishment of regional offices of the Board. The functions of the regional offices shall be determined by the Board by regulations.

*Clause 12.*—This clause lays down the powers and functions of the Board. The functions of the Board, *inter alia*, shall be to—

- (a) protect the interest of consumers by fostering fair trade and competition amongst the entities;
- (b) authorise entities to market notified petroleum and petroleum products, or to establish and operate liquefied natural gas terminals, or to lay, build, operate or expand a common carrier;
- (c) declare pipelines as common carrier;
- (d) regulate access to common carrier and transportation rates for common carrier;
- (e) ensure adequate availability and display of information about the maximum retail prices fixed by the entity of such petroleum and petroleum products as may be notified by the Central Government;
- (f) monitor prices of notified petroleum and petroleum products and take corrective measures to prevent profiteering by the entities;
- (g) lay down and enforce retail service obligations for retail outlets and marketing service obligations for entities;
- (h) levy fees and other charges as determined by regulations;
- (i) maintain a data bank of information on activities relating to petroleum and petroleum products;
- (j) perform such other functions as may be entrusted to it by the Central Government to carry out the provisions of this Bill.

*Clause 13.*—This clause seeks, *inter alia*, to empower the Board to settle any dispute or matter arising amongst entities or between an entity and any other person on issues relating to refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products. The Board shall also receive any complaint from any person regarding contravention of certain provisions of the proposed legislation and pass suitable orders to decide the complaint.

*Clause 14.*—This clause contains the procedures and powers of the Board in the discharge of its functions under the proposed legislation.

*Clause 15.*—This clause provides for maintenance of records including a register of authorisation containing details of entities authorised by the Board to undertake any activity requiring authorisation under the proposed legislation.

*Clause 16.*—This clause provides that no entity shall market any notified petroleum or petroleum product, or lay, build, operate or expand any pipeline as a common carrier, or establish or operate a liquefied natural gas terminal, without obtaining authorisation under this Bill. However, an entity marketing any notified petroleum and petroleum product, and establishing or operating a liquefied natural gas terminal on the appointed day shall be deemed to have such authorisation.

*Clause 17.*—This clause contains provisions relating to filing an application by an entity for grant of authorisation by the Board.

*Clause 18.*—This clause provides for causing due publicity by the Board of an application for grant of authorisation.

*Clause 19.*—This clause seeks to empower the Board to grant authorisation subject to such terms and conditions as it may specify, after hearing the interested parties.

*Clause 20.*—This clause contains the procedure for declaring, laying, building, operating or expanding a pipeline as common carrier by the Board.

*Clause 21.*—This clause makes, *inter alia*, provision for giving the right of first use for own requirement of the owner of a pipeline. It also provides for payment of transportation rates for use of common carrier to the authorised entity.

*Clause 22.*—This clause seeks to empower the Board to suspend or cancel the authorisation granted by it on failure to comply with any condition of authorisation.

*Clause 23.*—This clause makes detailed provisions for settlement of disputes among entities or between an entity and any other person. This clause, *inter alia*, provides that such disputes shall be decided by a Bench consisting of two members nominated by the Chairperson. This clause also provides that neither the civil court nor the Monopolies and Restricted Trade Practices Commission shall have any jurisdiction in the matters which the Board is empowered to decide.

*Clause 24.*—This clause contains detailed provisions for filing of complaint before the Board by any person in respect of matters relating to entities or between entities on matters arising out of the provisions of this Bill. The provisions of this clause shall not be applied in respect of complaint of an individual consumer maintainable before a consumer dispute redressal forum or a Consumer Disputes Redressal Commission or the National Consumer Redressal Commission. It further provides for investigation of such a complaint by the Board or an Investigating Officer of the Board and procedure for passing order thereon by the Board.

*Clause 25.*— This clause seeks to provide for appointment of Investigating Officer by the Board. It further states that in case of more than one Investigating Officer, the Board shall specify the matters and local limits of their jurisdiction.

*Clause 26.*—This clause provides for the factors that need to be taken into account by the Board to decide a dispute.

*Clause 27.*—This clause seeks to empower the Board to impose civil penalty for contravention of its direction.

*Clause 28.*— This clause contains provisions for filing an appeal to the High Court by any person aggrieved by any decision or order of the Board.

*Clause 29.*—This clause states that every order made by the Board or the High Court shall be executable in the same manner as a decree of the civil court.

*Clause 30.*—This clause contains provisions for grants of such sum of money as the Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Board to pay salaries and allowances payable to the Chairperson and the members and the administrative expenses including the salaries, allowances and pensions payable to the officers and employees of the Board.

*Clause 31.*—This clause provides for constitution of a Fund called the Petroleum Regulatory Board Fund. It also provides for grants, fees, penalties and charges to be credited thereto and all payments should be made therefrom.

*Clause 32.*—This clause provides for usual provisions regarding maintenance of proper accounts and other relevant records by the Board as may be prescribed by the Central Government. The accounts of the Board should be audited and certified by the Comptroller and Auditor-General of India which would be laid before Parliament by the Central Government.

*Clause 33.*—This clause provides for furnishing of annual report by the Board to the Central Government. A copy of the annual report is required to be laid, as soon as may be after it is received, before each House of Parliament.



*Clause 34.*—This clause empowers the Central Government to issue directions in writing to the Board from time to time.

*Clause 35.*—This clause confers power on the Central Government to take over control and management of facilities and business premises of any entity and retail outlets in public interest after affording an opportunity of hearing to the affected entities.

*Clause 36.*—This clause provides for punishment for contravention of directions of the Board.

*Clause 37.*—This clause provides for punishment for marketing any notified petroleum or petroleum products without a valid authorisation.

*Clause 38.*—This clause provides for punishment for establishing or operating a liquefied natural gas terminal without authorisation.

*Clause 39.*—This clause provides for punishment for laying, building, operating or expanding a common carrier without authorisation.

*Clause 40.*—This clause provides for punishment for wilful damages to common carrier.

*Clause 41.*—This clause provides that any offence committed by a company and punishable under the Bill would cover the person in charge of the company.

*Clause 42.*—This clause provides for maintenance of data bank and information by the Board relating to activities of entities dealing with petroleum and petroleum products. Further, the Board shall have power to verify the data supplied by the entities.

*Clause 43.*—This clause provides for obligations of entities which, *inter alia*, include commencement of activities for which authorisation has been granted within time specified by the Board, maintenance of documentary records as specified by the Board, and allow inspection of such facilities and documentary records by any person authorised by the Board. The entity shall also register documents as may be specified by the Board. The Board may call for any information from an entity and shall also have the power to inspect and obtain information from any authorised entity.

*Clause 44.*—This clause provides for furnishing of returns and statements and other particulars by the Board to the Central Government.

*Clause 45.*—This clause specifies that the Chairperson, members, officers and other employees of the Board shall be deemed to be public servants.

*Clause 46.*—This clause contains the usual provisions relating to the protection of action taken in good faith.

*Clause 47.*—This clause specifies that no civil court shall have jurisdiction in respect of any matter which the Board is empowered by or under this Bill to determine.

*Clause 48.*—This clause lays down that a court shall take cognizance of any offence punishable under the provisions of this Bill only on a complaint made by the Board. This clause further states that no court inferior to that of a Chief Metropolitan Magistrate or a Chief Judicial Magistrate shall try any offence punishable under the Bill. Every offence punishable under the proposed legislation shall be cognizable.

*Clause 49.*—This clause provides for delegation of certain powers of the Board.

*Clause 50.*—This clause confers on the Central Government the power to make rules for carrying out the provisions of the Bill.

*Clause 51.*—This clause empowers the Board to make regulations in respect of certain matters consistent with the proposed legislation and the rules made thereunder.

*Clause 52.*—This clause lays down that the rules and regulations made under the Bill would be laid before Parliament.

*Clause 53.*—This clause seeks to empower the Board to monitor the implementation of agreements entered into between one oil company and another for sharing of petroleum products or infrastructure facilities as approved by the Central Government for the transition period. The Board shall also monitor setting up of dealerships and distributorships by the entities without affecting the retail network of the existing entities during the transition period. The expression “transition period” shall mean a period of two years commencing from 1.4.2002 and, where the Central Government thinks fit so to do, it may extend the period of two years by a further period of one year.

*Clause 54.*—This clause seeks to empower the Central Government to remove difficulties which may arise in giving effect to the provisions of this Bill.

## FINANCIAL MEMORANDUM

The Bill provides for the establishment of a Petroleum Regulatory Board to regulate the petroleum sector activities and for that purpose to levy fee and other charges.

2. Sub-clause (1) of clause (3) of clause 3 of the Bill provides for the establishment of the Board. Sub-clause (3) of clause 3 provides for the composition of the Board. Clause 4 provides for the appointment by the Central Government of the Chairperson and other members of the Board. Sub-clause (4) of clause 5 provides that the salary and other conditions of service of the Chairperson and members shall be such as may be prescribed. Sub-clause (1) of clause 10 provides for the appointment by the Board of the Secretary to the Board provided that the first Secretary to the Board shall be appointed by the Central Government; Sub-clause (2) thereof clause 10 provides for appointment by the Board of other officers and employees against posts created with the approval of Central Government while Sub-clause (3) provides that the salary and other conditions of service of Secretary, officers and employees of the Board shall be such as may be prescribed. Sub-clause (4) of the said clause 10 provides for the appointment by the Board, in consultation with Central Government, of consultants. Sub-clause (1) of clause 11 provides for establishment of regional offices of the Board at such locations as may be found necessary.

3. The aforementioned provisions of the Bill will involve expenditure towards meeting the salaries, allowances and other remuneration of Chairperson, members, officers, consultants and other employees of the Board, etc. Clause 30 of the Bill provides that the Central Government may, after due appropriation made by Parliament by law in this behalf, make to the Board grants of such sums of money as are required to pay salary and allowances payable to the Chairperson and the other members and the administrative expenses. This expenditure has to be met by the Board from out of the Petroleum Regulatory Board Fund constituted under clause 31 of the Bill which will mainly consist of grants, etc. made to the Board by the Central Government, after due appropriation by Parliament.

4. It is not possible to give an exact estimate of this expenditure at this stage as the exact structure of the Board would emerge later in consultation with the Board once it is established. So far as the expenditure on salaries and allowances of Chairperson, other members, officers, other employees and of consultants, and other administrative expenses is concerned, it is estimated that the same would involve an expenditure of Rs. 7 crore during the first year of functioning of the Board. With the expansion of the activities of the Board, this expenditure which is of a recurring nature, may increase by a modest amount. It is not possible to estimate at this stage the extent to which this expenditure would increase. In addition to the aforementioned recurring expenditure, it is estimated that there would be a non-recurring expenditure of Rs. 3 crore towards the establishment of the office of the Board, etc.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 50 of the Bill empowers the Central Government to make rules to carry out the provisions of the Bill. The matters in respect of which rules may be made relate, among others, to the salary and other conditions of service of the Chairperson, members, Secretary, officers and other employees of the Board, the form and manner in which accounts of the Board shall be maintained and returns and statements are to be made to the Central Government and other matters of a procedural or administrative nature. The matters in respect of which provisions may be made in the rules are generally matters of procedure or detail.

2. Clause 51 of the Bill empowers the Board to make regulations to carry out the provisions of the Bill. The matters in respect of which regulations may be made relate, among others, to the procedure to be followed at meetings of the Board, terms and conditions of consultants appointed by the Board, marketing service obligations for entities and retail service obligations for retail outlets, regulating open access to and transportation tariffs for the common carrier, the guiding principles for declaring or authorising to lay, build, operate or expand a common carrier. The form in which a complaint may be made, the manner of holding an inquiry by an Investigating Officer, etc. The matters in respect of which provisions may be made in the regulations are generally matters of procedure or detail to carry out the purposes of the Bill.

The delegation of legislative power is, therefore, of a normal nature.

LOK SABHA

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**BILL**

to provide for the establishment of the Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas so as to, protect the interests of consumers and entities engaged in specified activities relating to petroleum and petroleum products, ensure uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country, promote competitive markets and for matters connected therewith or incidental thereto.

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*(Shri Ram Naik, Minister of Petroleum and Natural Gas)*

THE PETROLEUM REGULATORY BOARD BILL, 2002

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ARRANGEMENT OF CLAUSES

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CHAPTER I

PRELIMINARY

CLAUSES

1. Short title, extent, commencement and application.
2. Definitions.

CHAPTER II

PETROLEUM REGULATORY BOARD

3. Establishment and incorporation of the Board.
4. Qualifications for appointment of Chairperson and other Members.
5. Term of office, conditions of service, etc., of Chairperson and other members.
6. Powers of Chairperson.
7. Removal of Chairperson or any other member from office.
8. Meetings of the Board.
9. Vacancies, etc., not to invalidate proceedings of the Board.
10. Officers and other employees of the Board.
11. Regional offices of the Board.

CHAPTER III

FUNCTIONS AND POWERS OF THE BOARD

12. Functions of the Board.
13. Powers regarding complaints and resolution of disputes by the Board.
14. Procedure of the Board.

CHAPTER IV

AUTHORISATIONS

15. Register of authorisation.
16. Authorisation.
17. Application for authorisation.
18. Publicity of applications.
19. Grant of authorisation.
20. Declaring, laying, building, etc., of common carrier.
21. Right of first use, etc.
22. Suspension or cancellation of authorisation.

(ii)

## CHAPTER V

### SETTLEMENT OF DISPUTES

#### CLAUSES

23. Board to settle disputes.
24. Filing of complaints.
25. Power to investigate.
26. Factors to be taken into account by the Board.
27. Penalty for contravention of directions given by the Board.
28. Appeals.
29. Order passed under the Act deemed to be a decree.

## CHAPTER VI

### FINANCE, ACCOUNTS AND AUDIT

30. Grants by Central Government.
31. Fund.
32. Accounts and audit.
33. Annual report and its laying before Parliament.

## CHAPTER VII

### POWER OF CENTRAL GOVERNMENT

34. Power of Central Government to issue directions.
35. Taking over control and management of facilities and business premises of any entity and retail outlets in public interest.

## CHAPTER VIII

### OFFENCES AND PUNISHMENT

36. Punishment for contravention of directions of the Board.
37. Punishment for unauthorised activities.
38. Punishment for establishing or operating a liquefied natural gas terminal without authorisation.
39. Punishment for laying, building, operating or expanding a common carrier without authorisation.
40. Punishment for wilful damages to common carrier.
41. Offences by companies.

## CHAPTER IX

### MISCELLANEOUS

42. Maintenance of data bank and information.
43. Obligations of entities.
44. Furnishing of returns, etc., to Central Government.
45. Chairperson, members, etc., to be public servants.
46. Protection of action taken in good faith.

(iii)

CLAUSES

47. Civil courts not to have jurisdiction.
48. Cognizance of certain offences.
49. Delegation.
50. Power of Central Government to make rules.
51. Power of the Board to make regulations.
52. Rules and regulations to be laid before Parliament.
53. Transitional arrangements.
54. Power to remove difficulties.



## **Appendix-II**

### **Details of Organisations/Individuals which submitted Memorandum on 'Petroleum Regulatory Board Bill, 2002'**

<b>Sl. No.</b>	<b>Name</b>
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#### **CENTRAL/STATE GOVERNMENT BODIES**

1	Government of Assam
2	Government of Gujarat
3	Government of Maharashtra
4	Government of Punjab
5	Government of Sikkim
6	Union Territory of Lakshadweep

#### **PUBLIC SECTOR UNDERTAKINGS**

1	Indian Oil Corporation Ltd. (IOCL)
2	Bharat Petroleum Corporation Ltd. (BPCL)
3	Hindustan Petroleum Corporation Ltd. (HPCL)
4	GAIL (India) Limited

#### **ASSOCIATIONS/ORGANISATIONS**

1	Petrol & H.S.D. Dealer Association, Kanpur
2	U.P. Petroleum Trade Association, Uttar Pradesh
3	Haryana Petroleum Dealers Association
4	National Capital Region Petroleum Dealers Association
5	Petroleum Tanker Owners' Association
6	Alwar District Petroleum Dealers Association

- 7 Prayas, Jaipur
- 8 Confederation of Indian Industries (CII)
- 9 The Associated Chambers of Commerce and Industry of India (ASSOCHAM)

## **EXPERTS**

- 1 Sh. M.A. Pathan  
Former CMD, Indian Oil Corporation
- 2 Sh. H.L. Zutshi  
Former CMD, HPCL
- 3 Sh. J.L. Zutshi  
Former CMD, IOCL
- 4 Sh. C.R. Prasad,  
Former CMD, GAIL
- 5 Sh. T.N.R. Rao  
IAS

## **POLITICAL PARTIES**

- 1 Sh. Rajeev Shukla, MP(RS)

## **PRIVATE SECTOR COMPANIES AND OTHERS**

- 1 BP International Ltd.
- 2 The Shell Group of Companies in India
- 3 Tata Energy Research Institute (TERI)
- 4 Essar Oil Limited
- 5 British Gas India Pvt. Ltd.,  
Strategy & Corporate Affairs

## **INDIVIDUALS**

- 1 Sh. Gaurav Dani, Advocate, New Delhi
- 2 Ms. Veena Wanchoo, Indore (MP)
- 3 Sh. Abhijit Gupta, Nagpur
- 4 Dr. Anupam, Nainital
- 5 Sh. Shivkumar Atmaram, Ahmedabad
- 6 Sh. V. Immam Saheb, Punganur, Chittoor District

- 7 Sh. Subhash Grover, Advocate, Nagpur
- 8 Sh. G.S. Bansal, Ganganagar
- 9 Sh. Shravan Kumar Meharda, Jaipur
- 10 Sh. R. Jayachandran, Thanjavur
- 11 Sh. Gopal Gupta, Etawah
- 12 Sh. Gokulananda Misra, Nayagarh, Orissa
- 13 Mrs. Ponnamma Abraham, Cochin

**MINUTES**

**SUB-COMMITTEE ON PETROLEUM**

**A SUB-COMMITTEE OF THE  
STANDING COMMITTEE ON PETROLEUM & CHEMICALS  
(2002)**

**THIRD SITTING**

**(07.08.2002)**

*The Sub-Committee sat from 1500 hrs. to 1530 hrs.*

***PRESENT***

Shri Dipankar Mukherjee - Convenor

*Members*

***Lok Sabha***

2. Smt. Sheela Gautam
3. Shri Paban Singh Ghatowar
4. Shri Bijoy Handique
5. Dr. (Smt.) Chellamella Suguna Kumari
6. Shri Ram Sajivan
7. Shri Prabhunath Singh
8. Shri Ratilal Kalidas Varma

*Rajya Sabha*

9. Shri Rajiv Ranjan Singh 'Lalan'

**Secretariat**

1. Shri P.K. Grover - *Director*
2. Shri J.N. Oberoi - *Under Secretary*
3. Shri R.R. Rai - *Assistant Director*

***At the outset, Hon'ble Convenor of Sub-Committee on Petroleum welcomed the Members to the sitting and explained the purpose of the day's meeting. Initially, the Sub-Committee discussed and decided the future course of action on Petroleum Regulatory Board Bill, 2002. It was decided that Hon'ble Convenor may fix the next sitting of the Sub-Committee to take the evidence of the representatives of Business Chambers or Oil Companies in connection with examination of the Bill on 3<sup>rd</sup> or 4<sup>th</sup> September, 2002.***

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The Sub-Committee then adjourned.

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*\*\* matter not related to this Report*

**MINUTES**

**SUB-COMMITTEE ON PETROLEUM**

**A SUB-COMMITTEE OF THE  
STANDING COMMITTEE ON PETROLEUM & CHEMICALS  
(2002)**

**FOURTH SITTING**

**(03.09.2002)**

*The Sub-Committee sat from 1100 hrs. to 1400 hrs.*

***PRESENT***

Shri Dipankar Mukherjee - Convenor

*Members*

***Lok Sabha***

2. Shri Ashok Argal
3. Smt. Sheela Gautam
4. Shri Paban Singh Ghatowar
5. Shri Bijoy Handique
6. Dr. (Smt.) Chellamella Suguna Kumari
7. Shri Ram Sajivan
8. Shri Shyama Charan Shukla
9. Shri Prabhunath Singh

***Rajya Sabha***

10. Shri Anil Kumar
11. Shri Rajiv Ranjan Singh 'Lalan'
12. Shri Ahmed Patel

**Secretariat**

1. Shri P.K. Grover - Director
2. Shri J.N. Oberoi - Under Secretary
3. Shri R.R. Rai - Assistant Director

***Representatives of The Associated Chambers of Commerce and Industry of India  
(ASSOCHAM)***

1. Shri B.K. Bakshi - MD BSL Consultancy Pvt. Ltd.
2. Shri Y.R. Mehta - Consultant, World Bank
3. Shri S.K. Manglik - Former CMD, Oil and Natural Gas Corporation Limited
4. Shri Amarjit Singh - Sr. Advisor (Energy) ASSOCHAM

**Experts**

1. Shri M. A. Pathan - Former CMD, Indian Oil Corporation Limited
2. Shri H.L. Zutshi - Former CMD, Hindustan Petroleum Corporation Limited

At the outset, Hon'ble Convenor welcomed the representatives of the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and described the purpose of the sitting of the Sub-Committee. After a formal introduction of the representatives of ASSOCHAM, the Sub-Committee took their oral evidence and discussed the various provisions of Petroleum Regulatory Board Bill, 2002. The main issues which came up for discussion included the purpose and objectives of the Petroleum Regulatory Board Bill, 2002, extent of autonomy of proposed Regulatory Board, powers of the Government to intervene into Board related matters, provisions regarding regulation of pipelines, and authorisation processer. Some other relevant issues which came up for discussion in detail included the relevance of this Bill in context of energy security of the country and protection of the consumers in deregulated scenario.

2. Thereafter, Hon'ble Convenor welcomed Shri M.A. Pathan, former CMD, Indian Oil Corporation Limited and recognized his significant contribution towards the petroleum sector. During the course of evidence of Shri Pathan on various provisions of the Petroleum Regulatory Board Bill, 2002, the main issues which were discussed in detail included the level of independence and transparency in operation of the proposed regulatory body, regulation of pipelines, role of regulator in deciding the marketing set up in remote and far-flung areas and protection of consumers in deregulated scenario. The other issues which came up for detailed discussion included the significance of Anti-Adulteration Cell after establishment of Regulator and need to review the existing control orders under Essential Commodities Act.

3. In the same context, the Sub-Committee also took the oral evidence of Shri H.L. Zutshi, former CMD, Hindustan Petroleum Corporation Limited. The important issues which were discussed in detail included the need of Regulator, judicial, investigative & executive roles of proposed regulator and powers & transparency in working , provisions of the Bill to regulate gas sector, significance of the concept of common carrier. The other issues which came up for discussion included the need of guidelines for regulator and protection of interests of consumers in deregulated scenario. The Sub-Committee was very much impressed with the observations made by Shri Zutshi and requested him to submit alternative suggestions regarding provisions of the Bill and model of guidelines to make the proposed Board more powerful and transparent in working for consideration of the Sub-Committee for which he agreed to.

## **Appendix-V**

### **MINUTES**

#### **SUB-COMMITTEE ON PETROLEUM**

#### **A SUB-COMMITTEE OF THE STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2002)**

#### **FIFTH SITTING**

**(21.10.2002)**

*The Sub-Committee sat from 1200 hrs. to 1330 hrs.*

#### ***PRESENT***

Shri Dipankar Mukherjee - Convenor

#### ***Members***

#### ***Lok Sabha***

2. Shri Ashok Argal
3. Shri Paban Singh Ghatowar
4. Shri Bijoy Handique
5. Dr. (Smt.) Chellamella Suguna Kumari
6. Shri Ram Sajivan
7. Shri Shyama Charan Shukla
8. Shri Prabhunath Singh
9. Shri Ratilal Kalidas Varma

#### ***Rajya Sabha***

10. Shri Anil Kumar
11. Shri Rajiv Ranjan Singh 'Lalan'
12. Prof. Ram Gopal Yadav

#### **Secretariat**

1. Shri P.K. Grover - Director
2. Shri J.N. Oberoi - Under Secretary
3. Shri R.R. Rai - Assistant Director

#### **Expert**

Shri C.R. Prasad - Former CMD, Gas Authority of India Ltd. (GAIL)

***At the outset, Hon'ble Convenor welcomed Shri C.R. Prasad, former CMD, Gas Authority of India Ltd. (GAIL) and recognised his significant contribution to petroleum and natural gas sector. After that he invited his views on Petroleum Regulatory Board Bill, 2002. During the course of evidence of the main issues which were discussed in detail included the significance of Regulatory Body for downstream sector, issue of demand and supply of natural gas, CNG and LNG, international situation in gas regulation and need of separate regulator for gas sector, the level of independence and transparency in operation of proposed regulatory body, the selection process for regulatory board, powers of regulator, protection of consumers in the de-regulated scenario, regulation of pipeline. The Sub-Committee was very much impressed with the observations made by Shri C.R. Prasad and requested him to submit his alternative suggestions in writing regarding provisions of Bill to make the proposed Board more powerful and***



***transparent in working and better regulation of gas sector for consideration of Sub-Committee, which he agreed to.***

***The Sub-Committee then adjourned.***

**MINUTES**

**SUB-COMMITTEE ON PETROLEUM**

**A SUB-COMMITTEE OF THE  
STANDING COMMITTEE ON PETROLEUM & CHEMICALS  
(2002)**

**SIXTH SITTING**

**(28.11.2002)**

*The Sub-Committee sat from 1500 hrs. to 1700 hrs.*

***PRESENT***

Shri Dipanker Mukherjee - Convenor

*Members*

***Lok Sabha***

13. Smt. Sheela Gautam
14. Shri Paban Singh Ghatowar
15. Shri Bijoy Handique
16. Shri Ram Sajivan
17. Shri Shyama Charan Shukla

**Secretariat**

1. Shri P.K. Grover - *Director*
2. Shri R.R. Rai - *Assistant Director*

**Representatives of Confederation of Indian Industry (CII)**

1. Mr. V. Raghuraman
2. Mr. Praveen Tandon
3. Mr. Ashu Sagar
4. Mr. A.V. Naik
5. Mr. S. Lowe

**Representatives of TATA Energy Research Institute (TERI)**

1. Dr. Leena Srivastava - Director, Regulatory Studies and Governance Division
2. Dr. A.R. Shiag - Senior Fellow

**At the outset, Convenor, Sub-Committee on Petroleum welcomed the Members to the sitting of the Sub-Committee and explained the purpose of the day's meeting.**

2. Thereafter, Hon'ble Convenor welcomed the representatives of the Confederation of Indian Industry (CII) and Tata Energy Research Institute (TERI). After a formal introduction of the representatives of CII and TERI the Sub-Committee took their oral evidence and discussed the various provisions of Petroleum Regulatory Board Bill, 2002. The main issues which came up for discussion with Confederation of Indian Industry included the regulation of gas sector, functional autonomy of Regulatory Board and nature of Government control on Regulator, powers with Board to protect the public interest, authorisation of LPG terminals etc. The main issues discussed with the representatives of Tata Energy Research Institute (TERI) included regulation of pipelines, common carrier concept, inclusion of storage terminals for this purpose, powers of the Board and its autonomy etc.

3. \*\*  
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 \*\* \*\*

4. \*\*  
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**The Sub-Committee then adjourned.**

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\*\* Matter not related to this Report

**MINUTES**

**SUB-COMMITTEE ON PETROLEUM**

**A SUB-COMMITTEE OF THE  
STANDING COMMITTEE ON PETROLEUM & CHEMICALS  
(2002)**

**SEVENTH SITTING**

**(10.12.2002)**

*The Sub-Committee sat from 1500 hrs. to 1600 hrs.*

***PRESENT***

Shri Dipanker Mukherjee - Convenor

*Members*

***Lok Sabha***

18. Dr. (Smt.) Chellamela Suguna Kumari
19. Shri Ram Sajivan
20. Shri Prabhunath Singh

***Rajya Sabha***

21. Shri Rajiv Ranjan Singh 'Lalan'

**Secretariat**

1. Shri K.V. Rao - Joint Secretary
2. Shri P.K. Grover - Director
3. Shri R.K. Saxena - Under Secretary
2. Shri R.R. Rai - Assistant Director

**Representatives of Indian Oil Corporation Limited (IOCL)**

1. Shri M. S. Ramachandran - Chairman
2. Shri A.M. Uplenchwar - Director (Pipelines)
3. Shri P Sugavanam - Director (Finance)
4. **Shri N.K. Nayyar** - **Director (Planning & Business Development)**
5. Shri Sanjeev Muttoo - DGM (Coordination)
6. Shri S.K. Sarangi - DGM (Corporate Planning)

**Representatives of Hindustan Petroleum Corporation Limited (HPCL)**

1. Shri M.B. Lal - Chairman & Managing Director
2. Shri N.K. Puri - Director (Marketing)
3. Shri C. Ramulu - Executive Director (JV & CS)

**Representatives of Gas Authority of India Limited (GAIL)**

1. Shri Proshanto Banerjee - Chairman & Managing Director
2. Shri H.P. Chadana - Director (Planning)

**Representatives of Bharat Petroleum Corporation Limited (BPCL)**

1. Shri S. Radhakrishnan - Director (Marketing)
2. Shri S.K. Agarwal - DGM (Legal)

2. At the outset, Hon'ble Convenor welcomed the representatives of Indian Oil Corporation Limited (IOCL), Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and Gas Authority of India Limited (GAIL) and described the purpose of the sitting of the Sub-Committee. After a formal introduction of the representatives of IOCL, BPCL, HPCL and GAIL, the Sub-Committee took their oral evidence and discussed the various provisions of Petroleum Regulatory Board Bill, 2002. The main issues which came up for detailed discussion included the provisions regarding regulation of pipelines, common carrier concept, regulation of gas sector, nature of Government control on proposed Regulatory Board etc. The Committee desired that all the PSUs should submit the international practices in regard to all these issues and submit their proposals about each clause in which the desired any amendment. The Committee also discussed the issue of formation of national gas grid and Mckenzie Report regarding petroleum sector.

3. ***A verbatim record of the proceedings has been kept.***

The Sub-Committee then adjourned.

**MINUTES**

**SUB-COMMITTEE ON PETROLEUM**

**A Sub-Committee of the Standing Committee on Petroleum and Chemicals  
(2003)**

**FOURTH SITTING  
(05.05.2003)**

**The Sub-Committee sat from 1500 hrs. to 1530 hrs.**

**PRESENT**

**Shri Bijoy Handique - In the Chair.**

**MEMBERS**

**LOK SABHA**

2. Dr.(Smt.) Suguna Kumari Challamella
3. Smt. Sheela Gautam
4. Shri Paban Singh Ghatowar
5. Shri Ram Sajivan
6. Shri Ratilal Kalidas Varma

**SECRETARIAT**

1. Shri P.K. Grover - Director
2. Shri R.K. Saxena - Under Secretary
3. Shri J.N. Oberoi - Officer on Special Duty
4. Dr. Ram Raj Rai - Assistant Director

In the absence of Convenor, Sub-Committee on Petroleum, the Sub-Committee chose Shri Bijoy Handique to act as Convenor for the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

2. At the outset Hon'ble Convenor welcomed the Members to the sitting and invited them to offer their suggestions on the Draft Reports being considered for adoption.

3. Thereafter, the Sub-Committee considered and adopted the following Draft Reports:-

- (i) \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\*
- (ii) The Petroleum Regulatory Board Bill, 2002

4. The Sub-Committee authorised the Convenor to finalise the Reports and submit the same to the Chairman for consideration by the Standing Committee on Petroleum and Chemicals.

***The Sub-Committee then adjourned.***

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**\*\* *Matter not related to this Report***

## **Appendix-IX**

### **MINUTES**

#### **STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2003)**

**SIXTH SITTING  
(06.05.2003)**

The Committee sat from 1530 hrs. to 1600 hrs.

#### **PRESENT**

**Shri Mulayam Singh Yadav - Chairman**

#### **MEMBERS**

#### **LOK SABHA**

2. Smt. Sheela Gautam
3. Shri Paban Singh Ghatowar
4. Shri Bijoy Handique
5. Shri Shriprakash Jaiswal
6. Shri Jagannath Mallick
7. Shri Punnulal Mohale
8. Shri P. Mohan
9. Shri Mohan Rawale
10. Shri Ram Sajivan
11. Dr.(Smt.) V. Saroja
12. Shri Harpal Singh Sathi
13. Dr. Ram Lakhan Singh
14. Dr. Ramesh Chand Tomar
15. Shri Ratilal Kalidas Varma
16. Shri A.K.S. Vijayan
17. Dr. Girija Vyas



## RAJYA SABHA

18. Shri Balkavi Bairagi
19. Shri Ram Nath Kovind
20. Shri Moolchand Meena

## SECRETARIAT

1. Shri P.K. Grover - Director
2. Shri R.K. Saxena - Under Secretary
3. Shri J.N. Oberoi - Officer on Special Duty
4. Dr. Ram Raj Rai - Assistant Director
5. Shri A.K. Shah - Assistant Director

**2. At the outset, Hon'ble Chairman welcomed the Members to the sitting and explained the purpose of the day's meeting.**

3. Thereafter, he invited the Members to give their suggestions, if any, on the following draft Reports being considered for adoption:-

- (i) \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\*
- (ii) The Petroleum Regulatory Board Bill, 2002
- (iii) \*\* \*\* \*\* \*\* \*\* \*\* \*\* \*\*

4. The Committee, thereafter, authorised the Chairman to finalise the Reports after factual verification from the concerned Ministries/ Departments and present them to the Parliament.

5. The Committee placed on record their appreciation of the work done by the Sub-Committees on Petroleum and Fertilisers of the Standing Committee on Petroleum and Chemicals.

6. The Committee also placed on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

7.   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*   \*\*

***The Committee then adjourned.***

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**\*\*   *Matter not related to this Report.***

## **Appendix-X**

### **COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM AND CHEMICALS (2002)**

**SHRI MULAYAM SINGH YADAV- Chairman**

#### ***MEMBERS***

#### **Lok Sabha**

- 2 Shri Ashok Argal
- 3 Dr. Chellamella Suguna Kumari
- 4 Shri Ram Chander Bainsa
- 5 Shri Ananda Mohan Biswas
- 6 Shri Padam Sen Choudhry
- 7 Prof. Kailasho Devi
- 8 Shri P.D. Elangovan
- 9 Shri Dilipkumar Mansukhlal Gandhi
- 10 Smt. Sheela Gautam
- 11 Shri Paban Singh Ghatowar
- 12 Shri Bijoy Handique
- 13 Shri Shriprakash Jaiswal
- 14 Shri C. Kuppusami
- 15 Shri Jagannath Mallick
- 16 Shri Punnulal Mohale
- 17 Shri P. Mohan
- 18 Shri Ashok N. Mohol
- 19 Dr. Debendra Pradhan
- 20 Shri Ram Sajivan
- 21 Shri Mohan Rawale
- 22 Shri Shyama Charan Shukla
- 23 Dr. V. Saroja
- 24 Dr. Chhatrapal Singh
- 25 Shri Prabhunath Singh
- 26 Shri Ramjiwan Singh
- 27 Dr. Ram Lakhan Singh
- 28 Shri Shankersinh Vaghela
- 29 Shri Ratilal Kalidas Varma
- 30 Dr. Girija Vyas

## **Rajya Sabha**

- 31 Shri Balkavi Bairagi  
\*\*\*32 Shri Ram Nath Kovind  
33 Shri Anil Kumar  
\*\*\*\*34 Vacant  
35 Shri Rajiv Ranjan Singh 'Lalan'  
36 Shri Mool Chand Meena  
37 Shri Dipankar Mukherjee  
\*\*38 Shri Pritish Nandy  
39 Shri Ahmed Patel  
\*\*\*40 Shri Keshubhai Savdasbhai Patel  
41 Shri Yadlapati Venkat Rao  
42 Ms. Mabel Rebello  
43 Shri Gaya Singh  
\*44 Shri Thanga Tamilselvan  
45 Prof. Ram Gopal Yadav

## **SECRETARIAT**

- |    |                    |   |                      |
|----|--------------------|---|----------------------|
| 1. | Shri P.D.T. Achary | - | Additional Secretary |
| 2. | Shri K.V. Rao      | - | Joint Secretary      |
| 3. | Shri P.K. Grover   | - | Director             |
| 4. | Shri R.K. Saxena   | - | Under Secretary      |
| 5. | Shri Ram Raj Rai   | - | Assistant Director   |

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\* *Nominated w.e.f. 8<sup>th</sup> April, 2002.*

\*\* *Nominated w.e.f. 8<sup>th</sup> May, 2002.*

\*\*\* *Nominated w.e.f. 14<sup>th</sup> May, 2002.*

\*\*\*\* *Vacancy caused consequent upon retirement of Shri Shyam Lal, MP(RS) from the membership of Rajya Sabha w.e.f. 21.11.2002.*

## **Appendix-XI**

### **SUB-COMMITTEE ON PETROLEUM A SUB-COMMITTEE OF THE STANDING COMMITTEE ON PETROLEUM & CHEMICALS (2002)**

**Shri Mulayam Singh Yadav- Chairman**

**17. Shri Dipanker Mukherjee- Convenor**

#### **MEMBERS**

#### **LOK SABHA**

18. Shri Ashok Argal
19. Dr. (Smt.) Chellamella Suguna Kumari
20. Smt. Sheela Gautam
21. Sh. Paban Singh Ghatowar
22. Sh. Bijoy Handique
23. Sh. Ram Sajivan
24. Sh. Shyama Charan Shukla
25. Sh. Prabhunath Singh
26. Sh. Shankersinh Vaghela
27. Sh. Ratilal Kalidas Varma

#### **RAJYA SABHA**

28. Sh. Anil Kumar
29. Sh. Rajiv Ranjan Singh 'Lalan'
30. Sh. Ahmed Patel
31. Prof. Ram Gopal Yadav

#### **SECRETARIAT**

1. Shri P.D.T. Achary - *Additional Secretary*
2. Shri K.V. Rao - *Joint Secretary*
3. Shri P.K. Grover - *Director*
4. Shri R.K. Saxena - *Under Secretary*
5. Shri Ram Raj Rai - *Assistant Director*