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**STANDING COMMITTEE ON
PETROLEUM & NATURAL GAS
(2024-25)**

(EIGHTEENTH LOK SABHA)

MINISTRY OF PETROLEUM & NATURAL GAS

[Action Taken by the Government on the recommendations contained in the Twenty-Fourth Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2023-24) on the subject "Litigations involving Oil PSUs"]

FOURTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

..... August, 2025/.....Shravan, 1947 (Saka)

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Presented to Lok Sabha on 12.08.2025

Laid in Rajya Sabha on 12.08.2025



**LOK SABHA SECRETARIAT
NEW DELHI**

August, 2025/Shravan, 1947 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM &

NATURAL GAS (2024-25)

Sl. No.	Names of Members
	LOK SABHA
	Shri Sunil Dattatrey Tatkare - Chairperson
2	Shri Gurjeet Singh Aujla
3	Shri Benny Behanan
4	Shri Maddila Gurumoorthy
5	Shri Dileshwar Kamait
6	Shri Putta Mahesh Kumar
7	Shri Chavda Vinod Lakhamshi
8	Smt. Joba Majhi
9	Smt. Pratima Mondal
10	Shri Laxmikant Pappu Nishad
11	Shri Jai Prakash
12	Shri Dilip Saikia
13	Smt. Kamaljeet Sehwat
14	Shri Janardan Singh Sigriwal
15	Dr. Amar Singh
16	Shri Vivek Thakur
17	Shri Ve Vaithilingam
18	Shri Balashowry Vallabhaneni
19	Shri Parbhubhai Nagarbhai Vasava
20	Dr. Kalanidhi Veeraswamy
21	Shri Dharmendra Yadav
	RAJYA SABHA
22	Shri Chunnilal Garasiya
23	Shri Narain Dass Gupta
24	Shri Chandrakant Handore
25	Shri Manoj Kumar Jha
26	Shri Mithlesh Kumar
27	Shri Dorjee Tshering Lepcha
28	Shri Mayankbhai Jaydevbhai Nayak
29	Shri K.R.N. Rajeshkumar
30	Dr. V. Sivadasan
31	Shri Ravi Chandra Vaddiraju

SECRETARIAT

1	Shri Rajesh Ranjan Kumar	Joint Secretary
2	Shri Sujay Kumar	Deputy Secretary
3	Shri Gurpreet Singh	Committee Officer

INTRODUCTION

I, the Chairperson, Standing Committee on Petroleum & Natural Gas having been authorised by the Committee to submit the Report on their behalf, present this Fourth Report on Action Taken by the Government on the recommendations contained in the Twenty-Fourth Report (Seventeenth Lok Sabha) of the Committee on the subject 'Litigations involving Oil PSUs'.

2. The Twenty-Fourth Report of the Standing Committee on Petroleum & Natural Gas was presented to Lok Sabha/ laid on the table of Rajya Sabha on 08.02.2024. The Action Taken Replies of the Government to all the recommendations contained in the Twenty-Fourth Report were received on 14.10.2024.

3. The Standing Committee on Petroleum & Natural Gas (2024-25) considered and adopted the Report at their sitting held on 07.08.2025.

4. An analysis of the action taken by the Government on the recommendations contained in the Twenty-Fourth Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum & Natural Gas is given in *Annexure-II*.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in the body of the Report.

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

**New Delhi;
07 August, 2025
16 Shravan, 1947 (Saka)**

***Sunil Dattatrey Tatkare,
Chairperson, Standing Committee
on Petroleum & Natural Gas***

REPORT

CHAPTER I

This Report of the Standing Committee on Petroleum and Natural Gas deals with the action taken by the Government on the recommendations contained in the Twenty-Fourth Report (Seventeenth Lok Sabha) of the Standing Committee on Petroleum and Natural Gas (2023-24) on the subject 'Litigations involving Oil PSUs', which was presented to Lok Sabha and laid in Rajya Sabha on 08.02.2024.

2. Action Taken Notes have been received from the Ministry on 14.10.2024 in respect of all the 11 recommendations/observations contained in the report. These have been categorized as per the following:

- (i) Recommendations/Observations that have been accepted by the Government:-Reco. Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10 and 11 (Total -10)
(Chapter- II)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies:- Nil
(Chapter- III)
- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:- Reco. No. 8 (Total-01)
(Chapter- IV)
- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited:-Nil
(Chapter- V)

3. The Committee appreciate that the Ministry have accepted 10 recommendations out of 11 recommendations of this Committee. The Committee also desire that the Action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report should be furnished within three months of the presentation of this Report to the Parliament.

4. The Committee will now deal with the action taken by the Government on some of their recommendations.

Recommendation No. 1

NEED TO REVIEW LITIGATION SCENARIO IN OIL & GAS PSU'S

5. The Committee, in their original Report, had recommended as under:

“The Committee note that one of the important mandates of the Ministry of Petroleum and Natural Gas is to strengthen energy security of the country. The oil and gas PSUs have an important role to establish the required infrastructure for this which necessitates the need to frame and enforce laws, rules, regulations/guidelines, legal provisions etc, for Petroleum sector. It is a fact that Litigations are a part of any business and industry and Petroleum sector is no exception. Though some disputes are resolved amicably, while others end up in court and legal forums. The Committee recognize that every party has a right to protect their interest.

The Committee note that there are approximately 24,000 cases relating to oil PSUs pending at various legal forums and out of these, many of them are pending for more than 10 years. The Committee also observe that majority of the cases are pending at High court level in respect of almost all oil PSUs which is a pointer towards some serious deficiency in their litigation handling mechanism. The Committee would expect the MoPNG/Oil PSU's to have a relook at their litigation scenario. The Ministry and Oil PSUs also need not be mechanical in going for appeals and not to shy away from taking prudent decision towards appeal. They need to rejig their legal policy/litigation handling mechanism so that wasteful litigative appeals and expenditure thereon may be avoided which also free manpower and funds that can be gainfully utilized on productive outcomes/activities.

The Committee feel that periodical review of the pending litigation cases in oil PSUs by the Ministry would reduce the scope for emergence of litigations by addressing the hurdles that are coming in their way for amicable solution. The Committee, therefore, recommend that Ministry should develop a monitoring mechanism to reduce the scope for litigation in Oil PSUs including developing an online monitoring system”.

6. In this regard, the Ministry have submitted the following reply:

“As observed, maximum numbers of cases are pending before the High Courts. However, it is noteworthy that most of these cases are filed against CPSEs as CPSEs being ‘State’ under Article 12 of the Indian Constitution and amenable to Article 226 under which any person aggrieved can directly approach the High Courts. Likewise, High Courts are also the forum for all appeals emanating from orders of lower courts.

Further, to get the cases disposed of at the earliest, steps such as filing early hearing applications, mentioning of the cases before the court for early disposal etc. are being undertaken. Regular follow-ups/conferences are also being held with the counsels for getting cases listed regularly and to facilitate early disposal.

As far as filing of appeals is concerned, as and when any adverse order is passed, the said order is evaluated on merits before taking any decision regarding such case. The opinion of the advocate handling the case is obtained on pros and cons of the said order. Cost-benefit analysis is being done while taking decisions. In matters having high-stake and/or policy implications, the opinion of senior advocates or senior government counsels is also taken. Approval of competent authority is obtained before filing an appeal.

In view of the above, adequate checks and balances are being adopted to ensure that appeals are not filed mechanically, and a concerted decision is taken after assessing merits, policy and financial considerations relating to each such underlying matter.

Further, regular legal review of all pending cases in the presence of senior officials to conduct a comprehensive assessment for exploring potential solutions to identify possibilities of resolving pending matters through out-of-court settlement and thereby reducing the overall litigation profile. This process plays a key role in identifying the underlying causes of disputes and implementing effective strategies to prevent or mitigate them in the future.

Some of the CPSEs like IOCL have also been leveraging technological solutions for monitoring, reviewing, and handling all pending matters before various forums across the country from the year 2008 itself by utilizing an in-house on-the-premise portal called 'Litigation and Arbitration MIS Package'.

Comments of the Committee

7. The Committee had recommended that the Ministry develop a monitoring mechanism to reduce the scope for litigation in Oil PSUs including developing an online monitoring system.

The Ministry in their action taken reply have submitted that regular legal review of all pending cases in the presence of senior officials to conduct a comprehensive assessment for exploring potential solutions to identify possibilities of resolving pending matters through out-of-court settlement and thereby reducing the overall litigation profile. This process plays a key role in identifying the underlying causes of disputes and implementing effective strategies to prevent or mitigate them in the future. It was also informed that IOCL is leveraging technological solutions for monitoring, reviewing, and handling all pending matters before various forums across the Country from the year 2008 itself by utilizing an in-house on-the-premise portal called 'Litigation and Arbitration MIS Package'.

The Committee appreciate that some of the Oil and Gas PSUs, particularly, IOCL has employed technological solutions and put in place online portal for monitoring, reviewing and handling all pending matters before various judicial fora across the Country. The Committee feel that it should be replicated across the PSUs. The Committee urge the Ministry to make all out efforts to ensure that other Oil PSUs also develop an online monitoring system for monitoring, reviewing, and handling all pending litigations matters. The Committee, therefore, reiterate that the Oil PSUs employ innovative solutions including online monitoring system to reduce their overall litigation profile within a given time frame.

Recommendation No. 3

LITIGATIONS IN OIL MARKETING COMPANIES (OMCs)

8. The Committee in their original Report had recommended as under:

“The Committee note that Oil Marketing Companies (OMCs) being engaged in the business of marketing of petroleum fuels and products face number of disputes resulting in filing of cases by the aggrieved parties, such as applicants for dealerships/ distributorships etc. and also the dealers/distributors affected by the imposition of penalties under Marketing Discipline Guidelines (MDG). As per the information furnished, the Committee note that as far as MDG violation by dealers/distributors are concerned, HPCL has 336 pending cases, IOCL has 275 cases and BPCL has 118 pending cases before various courts. As regards eviction proceedings in relation to land taken on lease in respect of retail outlet dealers and LPG distributors, BPCL has 261 pending cases, HPCL has 423 cases, IOCL has 322 cases at various legal forums with many cases pending for more than 10 years.

The Committee note that OMC's have laid down norms/guidelines for procedures relating to selection of dealership/ distributorships, as also the operating guidelines applicable for them (termed as Marketing Discipline Guidelines) to ensure uniformity of procedures and transparency in the decision making processes. These guidelines are amended from time to time depending on the experience of the OMCs with the stakeholders and statutory requirements. The Committee feel that piling up of litigation cases over the years does not bode well for the reputation of the OMCs as these are Government entities. The core issues responsible for emergence of litigations should be identified and sorted out for framing of future contracts, guidelines, etc,. The Committee also desire that OMCs should launch special drive for reviewing the old cases pending at various legal forums and work towards out of court settlement within stipulated time frame wherever possible.

The Committee would also impress upon the Ministry/OMCs to explore the feasibility of hiring some renowned outside agencies to study and suggest

measures for reducing pendency of litigation/cases. The Committee, therefore, desire the OMCs to recalibrate their approach to deal with complaints of RO and LPG distributorship applicants and to the extent possible engage the stakeholders in the process of formulating/reviewing/amending MDG. The Committee recommend the Ministry to play a proactive role in helping out OMCs to dispose off the pending litigations by simplifying policies/guidelines issues prone to litigations”.

9. In this regard, the Ministry have submitted the following reply:

“OMCs have standardised its transaction documents for project purposes in order to ensure uniformity in practice and avoidance of unnecessary litigation. These standard formats are reviewed on a continuous basis and modified as per the evolving jurisprudential principles to avoid challenges and also reduce the chances of adverse legal consequences and bring more clarity in such contracts. In this connection, documents such as confidentiality agreements, memorandum of undertaking, expense sharing agreements, heads of agreement, joint venture agreements, shareholders’ agreements, share purchase agreements, gas supply term sheets etc. have already been standardised.

OMCs also undertake regular reviews of all pending cases in the presence of senior officials to conduct a comprehensive assessment for exploring potential solutions. This process plays a key role in identifying the underlying causes of disputes and implementing effective strategies to prevent or mitigate them in the future. In fact, reviews of pending litigation and arbitration matters are already being undertaken to identify possibilities of resolving pending matters through out-of-court settlement and thereby reduce the overall litigation profile.

Outside agencies such as senior counsels, sitting and retired judges of various courts are regularly invited for delivering talks on bottlenecks which are being faced in relation to ongoing legal matters before various forums. Likewise, regular workshops are also conducted for sensitisation of non-legal officers to assist them understand the nuances relating to legal procedures which are to be followed in respect of ongoing matters. Workshops cum awareness sessions on new laws enacted by the Government of India are conducted, the implementation of which may have an impact on the overall business interest. By way of the aforesaid exercise, the Functional Department is made aware of the course of action which needs to be undertaken in consonance with law of the land and governing administrative principles, to significantly reduce the frequency of legal challenges in future due to administrative decision making.

The user department like Retail/LPG etc. are constantly discussing the issues in the matter of selection/re-constitution etc. and are seeking regular guidance from Ministry of Petroleum & Natural Gas, Government of India.

As a regular exercise, OMCs conduct a holistic review of its standard terms and conditions governing contracts and tenders as well as policies to keep these in line with the evolving jurisprudence. In furtherance thereof, the exercise of reviewing the provisions of the General Conditional of Contract, General Procurement Conditions, Special Terms and Conditions which are applicable to vendors who have been awarded contracts, is under progress. Further, the

Integrated Works Procedure Manual and Integrated Materials Manuals have also been updated in consonance with the current judicial trends and industry practices. Likewise, in order to streamline the procedures on a corporation-wide basis, regularly prepares and issues standard operating procedures (SOPs) on various aspects relating to contract handling and management. Some of OMCS like IOCL have also issued SOPs on various aspects relating to project/procurement such as interest prohibition, price discount, risk and cost, Notified Claims and limitation of liability, identification of assets for effective enforcement of arbitral awards and court orders etc. in order to avoid infructuous litigation”.

Comments of the Committee

10. The Committee had noted that Oil Marketing Companies (OMCs), being engaged in the business of marketing of petroleum fuels and products, face number of disputes and had desired the OMCs to launch a special drive for reviewing the old cases pending at various legal forums and work towards out of court settlement within stipulated time frame wherever possible and to explore the feasibility of hiring renowned outside agencies to study and suggest measures for reducing pendency of litigation/cases.

The Ministry in their action taken reply have stated that OMCs have standardised its transaction documents for project purposes in order to ensure uniformity in practice and avoidance of unnecessary litigation. These standard formats are reviewed on a continuous basis and modified as per the evolving jurisprudential principles to avoid challenges and also reduce the chances of adverse legal consequences and bring more clarity in such contracts. OMCs also undertake regular reviews of all pending cases in the presence of senior officials to conduct a comprehensive assessment for exploring potential solutions. Besides, some OMCs like IOCL have also issued Standard Operating Procedures (SOPs) on various aspects relating to project/procurement such as interest prohibition, price discount, risk and cost, Notified Claims and limitation of liability, identification of assets for effective enforcement of arbitral awards and court orders etc. in order to avoid infructuous litigation.

While appreciating efforts being made by the OMCs like IOCL in formulating Standard Operating Procedures to avoid infructuous litigation in their operations, the Committee feel that these efforts are designed to prevent future litigations and as regards existing litigations, concerted efforts need to be made for reducing the existing pending litigations particularly litigations relating to selection of dealership/

distributorships, to ensure uniformity of procedures and transparency in the decision making processes. The Committee note that there is similarity in operations of the OMCs in so far as the marketing of petroleum products is concerned and feel that the best practices must be shared among themselves in order to bring even more transparency and simplicity in their procedures. There should be timely review of procedures so as to conduct a comprehensive assessment for exploring potential solutions to pending litigations and also to do away with archaic regulations. Besides, the Committee desire that PSUs may undertake time bound exercise of reviewing the provisions of General Conditions of Contract, General Procurement Conditions, Special Terms and Conditions which are applicable to vendors and all Oil PSUs may consider incorporating the same in their operations. The Committee may be apprised about the action taken in this regard.

Recommendation No. 4

LITIGATIONS IN GAIL

11. The Committee in their original report had recommended as under:

“The Committee note that GAIL is operating more than 15000 Km Natural Gas Pipeline network and currently executing more than 5000 Km Natural Gas Pipeline projects. The Committee also note that the major factor responsible for 83 percent of litigation cases in GAIL pertain to Right of Use (RoU) and land acquisition compensation. The Committee have been given to understand that ROU (Right of use) is acquired in line with P&MP (Petroleum & Minerals Pipeline) Act, 1962 by following the prescribed process and the major factor responsible for delay/pendency of litigation related to said RoU acquisition are reluctance by land owners to give RoU to lay the pipeline in anticipation of reduction in market value of their land, restriction of construction of permanent structure in future, dispute in disbursement of Compensation due to non-availability of updated land records/ownership details from Revenue Department of respective State Government. As per the project requirement for pipeline works, GAIL also undertakes negotiation in presence of State revenue officials with the land owners for deriving market rates for adequate RoU compensation disbursement.

The Committee note that the GAIL has suggested amendments in P&MP Act 1962 to MOP&G for increase in land compensation from time to time as it is one of the major factors for litigation. The Committee desire that GAIL should make optimum use of PM Gati Shakti Programme for laying upcoming gas pipelines which would not only reduce the scope for emergence of litigations but will also save funds. The Committee, therefore, recommend the Ministry to take up the issue of revision of P&MP Act, 1962 and also review its land acquisition policy for its projects”.

12. In this regard, the Ministry have submitted the following reply:

“Ministry is in the process of amending the Petroleum Act, PNGRB Act and PMP Act. On the second issue of land acquisition policy, it is to mention that the Ministry does not have its own land acquisition policy. The land acquisitions for PSUs are governed by the Right to Fair compensation and transparency in Acquisition, Rehabilitation and Resettlement Act, 2013”.

Comments of the Committee

13. The Committee had noted that GAIL is suggesting amendments in P&MP Act 1962 to the Ministry for increase in land compensation from time to time as it is one of the major factors for litigation. The Committee had recommended that the Ministry take up the issue of amending the P&MP Act, 1962 and also review land acquisition policy for its projects.

The Ministry, in their action taken reply, have stated that they are in the process of amending the Petroleum Act, the PNGRB Act and the P&MP Act. On the second issue of land acquisition policy, they have replied that the Ministry does not have its own land acquisition policy and it is governed by the Right to Fair compensation and transparency in Acquisition, Rehabilitation and Resettlement Act, 2013.

The Committee appreciate that the Ministry has taken up the process of amending the relevant Acts to address the issue of litigation arising due to land acquisition/utilisation for gas pipeline projects of GAIL. However, the Committee urge the Ministry to take initiative for enabling suitable amendments to the existing Acts/Rules/Guidelines etc. related to land acquisition as early as possible in order to provide just, fair and acceptable compensation to pipeline project affected persons so that land acquisition/RoU for pipeline projects become a smooth process. The Committee would also like to draw the attention of the Ministry towards recommendation no. 10 contained in its second report relating to the Demand for Grants (2025-26) presented to the Parliament in March 2025, which, *inter alia*, dealt with the issue of the local people whose lands have been affected by the pipeline projects. The Committee, in the recommendation, had stated that local project affected people may be given preference in employment by the Oil PSUs. The Committee urge the Ministry to take *pro active* steps for finding a solution to the issue acceptable to all the stakeholders.

Recommendation No. 8

ROLE OF INDEPENDENT EXTERNAL MONITORS (IEM)

14. The Committee in their original report had recommended as under:

“The Committee note that as part of implementing Integrity Pact Programme, Oil PSUs maintain a panel of former officials of Govt. of India who act as Independent External Monitors (IEM) nominated by the CVC, and are required to ensure desired integrity, transparency and objectivity in tendering/contracting process. Though the advice of IEMs is not legally binding and restricted to resolving issues raised by a Bidder regarding any aspect of Tender which is allegedly restrictive, non-competitive and biased towards some other Bidder, yet IEMs have been stated to be playing an important role in avoidance of potential litigation related to tendering process and contract execution. The Committee note that around 340 cases with total value of approx. Rs.1,50,000 crores have been handled by IEMs in ONGC since 2006, while in IOCL 197 references have been deliberated by IEMs involving a total amount of around Rs. 2000 crore. In BPCL, 18 complaints were handled, in CPCL 2 cases, while in HPCL 13 references were handled by IEMs during the last three years. Similarly, in EIL three cases, whereas in OIL 15 cases were referred to IEMs during the last three years.

The Committee have been given to understand that most of the cases referred to IEMs by the Oil PSUs were settled amicably and in very few cases recommendations were challenged in Court of Law. The Committee observe that the implementation of Integrity Pact Programme and role of IEMs has avoided escalation of disputes to courts of law. The Committee recommend that Ministry/Oil PSUs should explore the possibility of expanding the role of IEMs in disposing off various pending litigation cases related to Marketing Discipline Guidelines and eviction proceedings in respect of retail outlet dealers and LPG distributors at various legal forums. The Committee may be apprised of the action taken in this regard within three months of presentation of this Report”.

15. In this regard, the Ministry have submitted the following reply:

“Integrity Pact (IP) was adopted by CPSEs for ensuring fairness and transparency in respect of public procurement through the tendering process. IP is required to be implemented through independent external monitors (IEMs). The recommendations of IEMs are not binding on the organisations and are limited to the aspects covered in the IP. In case any change is required to be made in the scope/ambit of operations which are vested with the IEMs, it would require directions from the competent authority in the Government.

To ensure that retail outlets (ROs) / LPG distributors follow operating policies, procedures and practices, as well as to maintain discipline in their operations, Marketing Disciplinary Guidelines (MDGs) were formulated by oil marketing PSUs. The MDGs are formulated to ensure high customer service standards and prevent malpractices while broadly covering various aspects of operations of ROs/LPG distributorships such as storage, handling of products, sampling, testing, accounting, irregularities and penalties therefore MDG already contains a mechanism of appeal, challenging actions taken by oil marketing PSUs

against the dealers/distributors. Accordingly, for MDG related disputes, there is adequate mechanism in MDGs itself, and such disputes may not fall within the current ambit of IEMs. Likewise, eviction matters are governed as per provisions of the underlying lease deed entered into between the parties and is subject to local land laws. In regard to such disputes, specific courts such as courts of small causes have exclusive jurisdiction to try suits and resolve disputes of eviction. In view of the aforesaid, IEMs may not have any such jurisdiction to deal with the above referred disputes”.

Comments of the Committee

16. The Committee while noting the implementation of Integrity Pact Programme and role of IEMs in avoiding escalation of disputes to courts of law, had recommended the Ministry/Oil PSUs to explore the possibility of expanding the role of IEMs in disposing off various pending litigation cases related to Marketing Discipline Guidelines (MDGs) and eviction proceedings in respect of retail outlet dealers and LPG distributors at various legal forums.

The Ministry, in their action taken reply, have stated that Integrity Pact (IP) was adopted by CPSEs for ensuring fairness and transparency in respect of public procurement through the tendering process and it is required to be implemented through independent external monitors (IEMs). Further, it has been stated in the reply that for MDG related disputes, there is adequate mechanism in MDGs itself, and such disputes may not fall within the current ambit of IEMs. Likewise, eviction matters are governed as per provisions of the underlying lease deed entered into between the parties and is subject to local land laws. In regard to such disputes, specific courts such as courts of small causes have exclusive jurisdiction to try suits and resolve disputes of eviction. In view of the aforesaid, IEMs may not have any such jurisdiction to deal with the above referred disputes”.

The Committee are satisfied with the reply of the Ministry considering the fact that there are specific courts that have exclusive jurisdiction to try suits and resolve disputes of eviction proceedings in respect of retail dealers and LPG distributors. While the Ministry have provided cogent reasons for not expanding the role of IEM in resolving cases of litigation arising out of MDGs, the Committee feel that IEMs may have a role in resolving disputes relating to such cases of MDG where the dispute is on some minor point without involving outright illegality. The Committee, therefore, opine that it may not be proper to completely rule out involving IEMs in this field. Their possible role, if any, may be examined and a

considered view needs to be taken to resolve some of the issues under MDG. The Committee, therefore, reiterate its recommendation that the possibility of expanding the role of IEMs, in resolving dispute relating to MDGs, may be thoroughly explored. The Committee may be apprised of the action taken in this regard.

Recommendation No. 9

HIGH PENDENCY OF LITIGATIONS AT HIGH COURT LEVEL

17. The Committee in their original report had recommended as under:

“The Committee note that almost all OMCs have huge pendency at High Court level apart from pending cases in other courts. In BPCL, 2568 out of total 4482 pending cases, in CPCL 59 out of total 78 pending cases, in EIL 29 cases out of total 78 pending cases, in HPCL 2855 out of total 5808 pending cases, in MRPL 146 out of total 216 pending cases, in IOCL 5459 out of 9252 total pending cases in Balmer Lawrie 41 out of 42 cases, in GAIL 584 out of 3828 total pending cases are at High Court level. While acknowledging the fact that delay in court process and procedures is responsible for huge pendency of cases at various legal forums, the Committee feel that the Ministry and 82 Oil PSUs have to take some proactive action for disposal of long pending disputes that are responsible for prolonged litigations especially at High Court Level. OMCs also need to periodically review the status of pending litigations and they should also find a way out to settle cases by mutual give and take where amount involved is not significant keeping in view expenditure being incurred on fighting those cases at various legal forums. The Committee therefore recommend the Ministry to specifically monitor the pending litigation scenario in Oil PSUs at High Court Level and if needed matter may be taken up with Ministry of Law & Justice to set up special courts for disposal of long pending cases”.

18. In this regard, the Ministry have submitted the following reply:

“As observed, maximum number of cases are pending before the High Courts. However, it is noteworthy that most of these cases are filed against CPSEs as CPSEs being ‘State’ under Article 12 of the Indian Constitution and amenable to Article 226 under which any person aggrieved can directly approach the High Courts. Likewise, High Courts are also the forum for all appeals emanating from orders of lower courts.

Further, to get the cases disposed of at the earliest, steps such as filing early hearing applications, mentioning of the cases before the court for early disposal etc. are being undertaken. Regular follow-ups/conferences are also being held with the counsels for getting cases listed regularly and to facilitate early disposal.

As far as filing of appeals is concerned, as and when any adverse order is passed, the said order is evaluated on merits before taking any decision regarding such case. The opinion of the advocate handling the case is obtained on the pros and cons of the said order. Cost-benefit analysis is being done while taking decisions. In matters having high-stake and/or policy implications, the opinion of senior advocates or senior government counsels is also taken. Approval of competent authority is obtained before filing an appeal”.

Comments of the Committee

19. The Committee while noting that almost all OMCs have huge pendency at High Court level, had recommended the Ministry to specifically monitor the pending litigation scenario in Oil PSUs at High Court Level and, if needed, matter may be taken up with Ministry of Law & Justice to set up special courts for disposal of long pending cases.

The Ministry, in their action taken reply, have stated that maximum number of cases are pending before the High Courts. However, they have pointed out that most of these cases are filed against CPSEs as CPSEs being ‘State’ under Article 12 of the our Constitution and amenable to Article 226, under which any person aggrieved can directly approach the High Courts. Likewise, High Courts are also the forum for all appeals emanating from the orders of lower courts. Further, to get the cases disposed of at the earliest, steps such as filing early hearing applications, mentioning of the cases before the court for early disposal etc. are being undertaken. Regular follow-ups/conferences are also being held with the counsels for getting cases listed regularly and to facilitate early disposal.

The Committee appreciate the steps being taken for early disposal of pending litigations at High Court level through regular follow-ups with the counsels and other relevant measures. The Committee also urge the Ministry to put sustained efforts including employing alternate redressal mechanisms to ensure early disposal of long pending cases.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation No. 1

NEED TO REVIEW LITIGATION SCENARIO IN OIL & GAS PSU'S

The Committee note that one of the important mandates of the Ministry of Petroleum and Natural Gas is to strengthen energy security of the country. The oil and gas PSUs have an important role to establish the required infrastructure for this which necessitates the need to frame and enforce laws, rules, regulations/guidelines, legal provisions etc, for Petroleum sector. It is a fact that Litigations are a part of any business and industry and Petroleum sector is no exception. Though some disputes are resolved amicably, while others end up in court and legal forums. The Committee recognize that every party has a right to protect their interest.

The Committee note that there are approximately 24,000 cases relating to oil PSUs pending at various legal forums and out of these, many of them are pending for more than 10 years. The Committee also observe that majority of the cases are pending at High court level in respect of almost all oil PSUs which is a pointer towards some serious deficiency in their litigation handling mechanism. The Committee would expect the MoPNG/Oil PSU's to have a relook at their litigation scenario. The Ministry and Oil PSUs also need not be mechanical in going for appeals and not to shy away from taking prudent decision towards appeal. They need to rejig their legal policy/litigation handling mechanism so that wasteful litigative appeals and expenditure thereon may be avoided which also free manpower and funds that can be gainfully utilized on productive outcomes/activities.

The Committee feel that periodical review of the pending litigation cases in oil PSUs by the Ministry would reduce the scope for emergence of litigations by addressing the hurdles that are coming in their way for amicable solution. The Committee, therefore, recommend that Ministry should develop a monitoring mechanism to reduce the scope for litigation in Oil PSUs including developing an online monitoring system.

REPLY OF THE GOVERNMENT

As observed, maximum numbers of cases are pending before the High Courts. However, it is noteworthy that most of these cases are filed against CPSEs as CPSEs being 'State' under Article 12 of the Indian Constitution and amenable to Article 226 under which any person aggrieved can directly approach the High Courts. Likewise, High Courts are also the forum for all appeals emanating from orders of lower courts.

Further, to get the cases disposed of at the earliest, steps such as filing early hearing applications, mentioning of the cases before the court for early disposal etc. are being undertaken. Regular follow-ups/conferences are also being held with the counsels for getting cases listed regularly and to facilitate early disposal.

As far as filing of appeals is concerned, as and when any adverse order is passed, the said order is evaluated on merits before taking any decision regarding such case. The opinion of the advocate handling the case is obtained on pros and cons of the said order. Cost-benefit analysis is being done while taking decisions. In matters having high-stake and/or policy implications, the opinion of senior advocates or senior government counsels is also taken. Approval of competent authority is obtained before filing an appeal.

In view of the above, adequate checks and balances are being adopted to ensure that appeals are not filed mechanically, and a concerted decision is taken after assessing merits, policy and financial considerations relating to each such underlying matter.

Further, regular legal review of all pending cases in the presence of senior officials to conduct a comprehensive assessment for exploring potential solutions to identify possibilities of resolving pending matters through out-of-court settlement and thereby reducing the overall litigation profile. This process plays a key role in identifying the underlying causes of disputes and implementing effective strategies to prevent or mitigate them in the future.

Some of the CPSEs like IOCL have also been leveraging technological solutions for monitoring, reviewing, and handling all pending matters before various forums across the country from the year 2008 itself by utilizing an in-house on-the-premise portal called 'Litigation and Arbitration MIS Package'.

Ministry of Petroleum and Natural Gas
O.M. No.Q-21012/1/2024-ED-PNG dated 14.10.2024

COMMENTS OF THE COMMITTEE

Refer Para 7 of the Chapter-I of this Report

Recommendation No. 2

LITIGATIONS IN UPSTREAM SECTOR

The Committee note that due to rising demand for energy, the hydrocarbon sector shall continue to play a crucial role in the energy security of the country. The Committee further note that ONGC, OIL, GAIL, CPCL and BPCL which is a wholly owned subsidiary of BPCL are undertaking exploration and production activities and the litigations faced in upstream sector are mainly related to commercial/contractual issues, tender related disputes, land acquisition, environmental cases, taxation cases etc. The Committee also note that the Director General of Hydrocarbons (DGH) is also involved in litigations as it is the Regulator for upstream sector and its decisions are challenged by the aggrieved parties in various legal forums.

The Committee, therefore, desire that the Ministry/Oil and Gas PSUs engaged in upstream sector should undertake review of contentious clauses in NELP/ HELP/OALP policies and other irritants responsible for pending litigations and make necessary representation to Ministry/DGH for amendments in their rules/guidelines to reduce the scope for litigations. The Committee recommend that Ministry in consultation with PSU's/DGH/other stakeholders should strive for a low litigation regime and ensure harmonious interpretation

of contracts/tender conditions under various policy initiatives so that the scope of litigation is reduced.

REPLY OF THE GOVERNMENT

There have been certain provisions under PSCs/RSCs relating to timely submission of Bank Guarantees, FDPs, etc. fulfillment of committed work programmes, sharing of Gol Profit Petroleum, etc., which can't be said as contentious clauses but it appears that the disputes arise between the Contractors between the Government/DGH mainly due to non-compliance of those provisions under the respective contract by the Contractors. Further, there have been issues relating financial health of the contractor companies where many of them have undergone into insolvency resolution/ liquidation proceedings etc. Where the Government has the least control. There have been efforts towards minimising those disputes under recent policies/bid rounds under RSC where disputes have been considerably reduced.

Further, in order to resolve the differences/disputes amicably in time time-bound manner, the Ministry of Petroleum & Natural Gas (MoPNG), Govt. of India, vide Notification No. Expl-15022(13)/6/2017-ONGD-V dated 16.12.2019 has constituted the Committee of External Eminent Persons/Experts (CEEE or DRC) for resolution of disputes arising out of contracts relating to exploration blocks/fields. Several disputes between DGH and Contractor/JV Consortium in calculation of the Cost of Unfinished Work Program resulting in disputes are in the process for resolution/settlement through CEEE. Till date, the settlement Agreement executed for 24 cases and Rs. 485 Cr. received by the Government as the settlement amount. In line with Committee's recommendations, it is further submitted that efforts are continuing towards minimising the scope of litigation as well as litigation expenses by DGH/MoPNG.

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Recommendation No. 3

LITIGATIONS IN OIL MARKETING COMPANIES (OMCs)

The Committee note that Oil Marketing Companies (OMCs) being engaged in the business of marketing of petroleum fuels and products face number of disputes resulting in filing of cases by the aggrieved parties, such as applicants for dealerships/ distributorships etc. and also the dealers/distributors affected by the imposition of penalties under Marketing Discipline Guidelines (MDG). As per the information furnished, the Committee note that as far as MDG violation by dealers/distributors are concerned, HPCL has 336 pending cases, IOCL has 275 cases and BPCL has 118 pending cases before various courts. As regards eviction proceedings in relation to land taken on lease in respect of retail outlet dealers and LPG distributors, BPCL has 261 pending cases, HPCL has 423 cases, IOCL has 322 cases at various legal forums with many cases pending for more than 10 years.

The Committee note that OMC's have laid down norms/guidelines for procedures relating to selection of dealership/ distributorships, as also the operating guidelines applicable for them (termed as Marketing Discipline Guidelines) to ensure uniformity of procedures and transparency in the decision-making processes. These guidelines are amended from time to time depending on the experience of the OMCs with the stakeholders and statutory

requirements. The Committee feel that piling up of litigation cases over the years does not bode well for the reputation of the OMCs as these are Government entities. The core issues responsible for emergence of litigations should be identified and sorted out for framing of future contracts, guidelines, etc. The Committee also desire that OMCs should launch special drive for reviewing the old cases pending at various legal forums and work towards out of court settlement within stipulated time frame wherever possible.

The Committee would also impress upon the Ministry/OMCs to explore the feasibility of hiring some renowned outside agencies to study and suggest measures for reducing pendency of litigation/cases. The Committee, therefore, desire the OMCs to recalibrate their approach to deal with complaints of RO and LPG distributorship applicants and to the extent possible engage the stakeholders in the process of formulating/reviewing/amending MDG. The Committee recommend the Ministry to play a proactive role in helping out OMCs to dispose off the pending litigations by simplifying policies/guidelines issues prone to litigations.

REPLY OF THE GOVERNMENT

OMCs have standardised its transaction documents for project purposes in order to ensure uniformity in practice and avoidance of unnecessary litigation. These standard formats are reviewed on a continuous basis and modified as per the evolving jurisprudential principles to avoid challenges and also reduce the chances of adverse legal consequences and bring more clarity in such contracts. In this connection, documents such as confidentiality agreements, memorandum of undertaking, expense sharing agreements, heads of agreement, joint venture agreements, shareholders' agreements, share purchase agreements, gas supply term sheets etc. have already been standardised.

OMCs also undertake regular reviews of all pending cases in the presence of senior officials to conduct a comprehensive assessment for exploring potential solutions. This process plays a key role in identifying the underlying causes of disputes and implementing effective strategies to prevent or mitigate them in the future. In fact, reviews of pending litigation and arbitration matters are already being undertaken to identify possibilities of resolving pending matters through out-of-court settlement and thereby reduce the overall litigation profile.

Outside agencies such as senior counsels, sitting and retired judges of various courts are regularly invited for delivering talks on bottlenecks which are being faced in relation to ongoing legal matters before various forums. Likewise, regular workshops are also conducted for sensitisation of non-legal officers to assist them understand the nuances relating to legal procedures which are to be followed in respect of ongoing matters. Workshops cum awareness sessions on new laws enacted by the Government of India are conducted, the implementation of which may have an impact on the overall business interest. By way of the aforesaid exercise, the Functional Department is made aware of the course of action which needs to be undertaken in consonance with law of the land and governing administrative principles, to significantly reduce the frequency of legal challenges in future due to administrative decision making.

The user department like Retail/LPG etc. are constantly discussing the issues in the matter of selection/re-constitution etc. and are seeking regular guidance from Ministry of Petroleum & Natural Gas, Government of India.

As a regular exercise, OMCs conduct a holistic review of its standard terms and conditions governing contracts and tenders as well as policies to keep these in line with the evolving jurisprudence. In furtherance thereof, the exercise of reviewing the provisions of the General Conditional of Contract, General Procurement Conditions, Special Terms and Conditions which are applicable to vendors who have been awarded contracts, is under progress. Further, the Integrated Works Procedure Manual and Integrated Materials Manuals have also been updated in consonance with the current judicial trends and industry practices. Likewise, in order to streamline the procedures on a corporation-wide basis, regularly prepares and issues standard operating procedures (SOPs) on various aspects relating to contract handling and management. Some of OMCS like IOCL have also issued SOPs on various aspects relating to project/procurement such as interest prohibition, price discount, risk and cost, Notified Claims and limitation of liability, identification of assets for effective enforcement of arbitral awards and court orders etc. in order to avoid infructuous litigation.

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Recommendation No. 4

LITIGATIONS IN GAIL

The Committee note that GAIL is operating more more than 15000 Km Natural Gas Pipeline network and currently executing more than 5000 Km Natural Gas Pipeline projects. The Committee also note that the major factor responsible for 83 percent of litigation cases in GAIL pertain to Right of Use (RoU) and land acquisition compensation. The Committee have been given to understand that ROU (Right of use) is acquired in line with P&MP (Petroleum & Minerals Pipeline) Act'1962 by following the prescribed process and the major factor responsible for delay/pendency of litigation related to said RoU acquisition are reluctance by land owners to give RoU to lay the pipeline in anticipation of reduction in market value of their land, restriction of construction of permanent structure in future, dispute in disbursement of Compensation due to non-availability of updated land records/ownership details from Revenue Department of respective State Government. As per the project requirement for pipeline works, GAIL also undertakes negotiation in presence of State revenue officials with the landowners for deriving market rates for adequate RoU compensation disbursement.

The Committee note that the GAIL has suggested amendments in P&MP Act 1962 to MOP&G for increase in land compensation from time to time as it is one of the major factors for litigation. The Committee desire that GAIL should make optimum use of PM Gati Shakti Programme for laying upcoming gas pipelines which would not only reduce the scope for emergence of litigations but will also save funds. The Committee, therefore, recommend the Ministry to take up the issue of revision of P&MP Act, 1962 and also review its land acquisition policy for its projects.

REPLY OF THE GOVERNMENT

Ministry is in the process of amending the Petroleum Act, PNGRB Act and PMP Act. On the second issue of land acquisition policy, it is to mention that the Ministry does not have its own land acquisition policy. The land acquisitions for PSUs are governed by the Right

to Fair compensation and transparency in Acquisition, Rehabilitation and Resettlement Act, 2013.

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Recommendation No. 5

PERFORMANCE OF ALTERNATE DISPUTE REDRESSAL MECHANISM

The Committee note that with a view to reduce disputes of PSUs with Central and State Government and among other PSUs, the erstwhile Permanent Machinery of Arbitration (PMA), has recently been replaced with Administrative Mechanism for Redressal of CPSE Disputes (AMRCD) which have two level (tier) structure by Department of Public Enterprises (DPE). The Committee further note that at the First level (tier), commercial disputes between CPSEs are referred to a Committee comprising Secretaries of the Administrative Ministries/Departments to which the disputing CPSEs/Parties belong and Secretary- Department of Legal Affairs. The Financial Advisors of the two concerned Administrative Ministries/Departments represent the issues related to the dispute in question, before the above Committee. In case, the two disputing parties belong to the same Ministry/Department, the said Committee will comprise Secretary of the Administrative Ministry/Department concerned, Secretary- Department of Legal Affairs and Secretary- Department of Public Enterprises. In such a case, the matter will be represented before the Committee by the Financial Advisor and one Joint Secretary of that Ministry/Department. Appeal against the decision of the Committee shall lie with the Cabinet Secretary, whose decision will be final and binding on all concerned.

The Committee further note that at BPCL have one pending case with ONGC and three cases with other PSUs/Govt. undertakings before AMRCD, IOCL has five pending cases, HPCL has two pending cases, ONGC has three pending cases, EIL has three pending cases, GAIL has one pending case and Balmer Lawrie & co. Ltd. has two pending cases before AMRCD. On perusal of the information provided by the Oil/PSUs, the Committee observe that AMRCD model has led to successful resolution of some of the pending litigations where CPSEs were the parties. The Committee express their satisfaction regarding the efforts made by Oil PSUs for utilizing the AMRCD mechanism for resolving the issues. The Committee would impress upon the Ministry and the Oil PSUs to focus on this mechanism more vigorously to dispose of pending litigation cases amongst PSUs and various Central and State Government agencies as well as to improve the quality of dispute resolution. The Committee recommend that Oil PSUs which are having pending cases before AMRCD should work towards their speedy resolution through mutual efforts.

REPLY OF THE GOVERNMENT

CPSEs have been able to achieve successful resolution in long pending disputes referred to the AMRCD mechanism. Keeping this in view and the effectiveness of the AMRCD forum, CPSEs also have adopted dispute resolution clauses involving AMRCD mechanism in all contracts with government departments/public sector undertakings.

Further, CPSEs have strategically prioritized the resolution of disputes through AMRCD mechanism and thereby, alleviating the burden on the judicial system by diverting disputes

away from traditional court proceedings. By opting for AMRCD dispute mechanism, several objectives like to expedite dispute resolution processes, thereby saving substantial time and costs for both the corporation and the parties involved are achieved. Additionally, AMRCD mechanisms promote collaborative problem-solving, potentially preserving business relationships and fostering mutually beneficial outcomes.

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Recommendation No. 6

OUT OF COURT SETTLEMENT

Keeping note of the fact that alternative dispute resolution measures play a crucial role in prevention and disposing off pending cases, the Committee observe that Oil PSUs have undertaken measures towards out of court settlements of such pending cases. The Committee further note that in BPCL 7 cases, in NRL 2 cases, in MRPL 7 cases, in OIL 1 case, in IOCL 26 out of 30 cases, in CPCL 3 out of 5 cases, in ONGC 16 out of 34 cases that were taken up for out of court settlement have been settled so far. On perusal of the above information, the Committee feel that out of Court settlement can be very helpful in sorting out the conflicts between parties and in having resolution to the disputes in a short period of time. The Committee, therefore, emphasize upon all Oil PSUs to try out of court settlement as disputants may find this mechanism more comfortable in conveying their opinions since the procedure for settlement is less formal. The Committee, therefore, recommend that the Ministry need to encourage the Oil PSUs to go for the out of Court settlements for smaller issues with low financial impact.

REPLY OF THE GOVERNMENT

Out-of-court settlements hold significant importance for CPSEs in managing legal disputes efficiently and effectively. These settlements are instrumental in saving valuable time by avoiding prolonged litigation processes. By negotiating terms outside of court, CPSEs are achieving quicker resolutions, and thereby, contributing to substantial cost savings by minimizing legal fees, court expenses, and potential damages.

In order to dispose of the cases amicably, CPSEs attempt to mutually settle the disputes having less financial implication, disputes involving railway claims, LPG consumer cases etc. This approach assists in reducing the burden of the courts, saves financial outgo as well as helps reduce man-hours on dispute handling and management. In this connection, CPSEs like IOCL have also framed an internal conciliation policy which has been applicable since 2014 pursuant to which disputes are settled with a success ratio of more than 95%.

In addition to the above, following other initiatives have been taken by CPSEs for minimizing disputes:

- **Preventive Dispute Resolution Mechanism (PDRM):** With an aim to prevent execution related issues turning into bigger legal disputes (arbitrations / Court cases) at a

later date, PDRM has been introduced. As per this mechanism, in case Engineer-In-Charge is not able to address the grievances of contractor/vendor and/or the concerned contractor/vendor is not satisfied with the decision of Engineer-In-Charge while dealing any issue, they can approach higher level (a SAMADHAN Committee comprising of members from Technical, Contracts & Procurement and Finance Groups) for settlement of issue. Fixed timelines for settlement of such grievances are prescribed in PDRM. As per PDRM, issues can be escalated upto the concerned Functional Director level.

- **Quarterly Health Monitoring of Contracts:** Along with PDRM, quarterly Health Monitoring of all the Contracts being operated in specific Sites by its Officer-In-Charge has also been introduced in 2015. Under this activity, settlement of claims pertaining to extra works/deviations / execution of Abnormally High rate Items beyond approved quantities etc. are being settled on quarterly basis along with fixing accountability of delays encountered if any so that they will not carry forward till Contract Closure stage.

In this manner, CPSEs focus is more on resolving the disputes pre-litigation by adopting out-of-court mechanisms such as conciliation and mediation.

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Recommendation No. 7

SABKA VISHWAS AND VIVAD SE VISHWAS SCHEMES

The Committee note that the Sabka Vishwas Scheme 2019 was introduced in Union Budget 2019 for resolution and settlement of past disputes/appeals of Central Excise and Service Tax, providing major relief from payment of tax dues, interest and penalty. The scheme was initially effective from 01.09.2019 to 31.12.2019 and was later on extended up to 15.01.2020. The Committee note that GAIL had applied all 44 cases eligible for settlement under the Scheme and all the cases were settled. Similarly, IOC had settled 161 cases with a settlement amount of Rs.268.67 crores while BPCL settled 97 cases with a total demand of Rs.632 crores whereas Balmer and Lawrie settled 4 cases.

The Committee further note that Government of India had introduced Vivad se Vishwas Act in the year 2020 to resolve pending litigation under the Income Tax Act, 1961. As per the Act, whole of the amount of penalty and interest on disputed tax was waived off and all the pending disputes could be settled by paying only the disputed tax (100% for appeal filed by assessee and 50% for appeal filed by Income Tax Department). Under this scheme MRPL had referred 32 cases out of which 23 are settled and 9 are pending. IOCL had referred 33 appeals and all were settled with a quantum of amount approximating Rs.2420 crores.

The Committee also note that Vivad se Vishwas Scheme II was launched in July 2023 to effectively settle the pending domestic contractual disputes where one of the parties is either the Govt. or any other Government undertaking. Under the scheme, for Court Awards passed on or before 30.04.2023, the settlement amount offered to the Contractor will be up to 85% of the net amount awarded/ upheld by the court, and for Arbitral Awards passed on or before 31.01.2023, the settlement amount offered is up to 65% of the net

amount awarded. In this regard, the Committee have been apprised that ONGC has taken the lead in implementing the Vivad se Vishwas Scheme by taking many initiatives by identifying disputes eligible for settlement under the scheme and by issuing public notification and communication to the concerned parties. The Committee desire that other PSUs may emulate ONGC and utilize the Vivad se Vishwas Scheme-II to solve their pending litigations. The Committee recommend the Ministry to monitor the cases under the Vivad se Vishwas Scheme-II and reduce the litigation in the oil PSUs.

REPLY OF THE GOVERNMENT

Vivad se Vishwas Scheme-II was launched by the Government of India on 15.07.2023 with a view to settle or resolve contractual disputes efficiently and promptly, promoting ease of doing business with the government and encouraging fresh investments in the country. The scheme was applicable until 31.03.2024 for settlement under the scheme.

CPSEs have also implemented the Vivad se Vishwas Scheme-II scheme with right earnest and efforts were made to settle cases which fell within the ambit and scope of the said scheme. Regular review of the cases filed by the parties was done in order to ensure that the matters referred under the scheme are resolved at the earliest. Prompt actions on all cases were taken in line with provisions of the scheme for settlement of disputes.

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Recommendation No. 9

HIGH PENDENCY OF LITIGATIONS AT HIGH COURT LEVEL

The Committee note that almost all OMCs have huge pendency at High Court level apart from pending cases in other courts. In BPCL, 2568 out of total 4482 pending cases, in CPCL 59 out of total 78 pending cases, in EIL 29 cases out of total 78 pending cases, in HPCL 2855 out of total 5808 pending cases, in MRPL 146 out of total 216 pending cases, in IOCL 5459 out of 9252 total pending cases in Balmer Lawrie 41 out of 42 cases, in GAIL 584 out of 3828 total pending cases are at High Court level. While acknowledging the fact that delay in court process and procedures is responsible for huge pendency of cases at various legal forums, the Committee feel that the Ministry and Oil PSUs have to take some proactive action for disposal of long pending disputes that are responsible for prolonged litigations especially at High Court Level. OMCs also need to periodically review the status of pending litigations and they should also find a way out to settle cases by mutual give and take where amount involved is not significant keeping in view expenditure being incurred on fighting those cases at various legal forums. The Committee therefore recommend the Ministry to specifically monitor the pending litigation scenario in Oil PSUs at High Court Level and if needed matter may be taken up with Ministry of Law & Justice to set up special courts for disposal of long pending cases.

REPLY OF THE GOVERNMENT

As observed, maximum number of cases are pending before the High Courts. However, it is noteworthy that most of these cases are filed against CPSEs as CPSEs being 'State' under Article 12 of the Indian Constitution and amenable to Article 226 under which any

person aggrieved can directly approach the High Courts. Likewise, High Courts are also the forum for all appeals emanating from orders of lower courts.

Further, to get the cases disposed of at the earliest, steps such as filing early hearing applications, mentioning of the cases before the court for early disposal etc. are being undertaken. Regular follow-ups/conferences are also being held with the counsels for getting cases listed regularly and to facilitate early disposal.

As far as filing of appeals is concerned, as and when any adverse order is passed, the said order is evaluated on merits before taking any decision regarding such case. The opinion of the advocate handling the case is obtained on the pros and cons of the said order. Cost-benefit analysis is being done while taking decisions. In matters having high-stake and/or policy implications, the opinion of senior advocates or senior government counsels is also taken. Approval of competent authority is obtained before filing an appeal.

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Recommendation No. 10

EMPANELMENT OF LAWYERS

The Committee note that in addition to well structured legal departments of Oil PSUs, there is a provision for empanelment of lawyers/advocates although there is no uniformity in engaging lawyers by the oil PSU's in various courts/tribunals. The Committee have been given to understand that whereas, some PSUs like GAIL/MRPL/EIL/ONGC have put in a mechanism and guidelines for empanelment of lawyers while other oil PSUs viz IOCL/BPCL/HPCL/CPCL/DGH engage advocates on case to case basis and do not have any formal panel of lawyers. However, for conducting Government Litigations at various forums, the Ministry of Law and Justice assigns lawyers out of the empanelled lawyers for MoPNG, to conduct litigation before various courts and forums.

Further, the Committee note that crores of rupees have been spent towards payment of fees to lawyers engaged at various legal forums by oil PSUs. The Committee observe that keeping in view the high pendency of litigations being faced by oil PSUs, particularly at High Court level, there is a need for reviewing the extant guidelines and mechanism adopted for empanelment of lawyers. The Committee also desire the Ministry to play a proactive role in framing in revisiting/reviewing guidelines for empanelment of lawyers and frame uniform set of rules for engaging lawyers. The Ministry/Oil PSUs should also explore the option of engaging senior lawyers who are domain experts and willing to take up litigation on pro-bono basis which will not only help in expediting the disposal of pending litigations but will also help save public money. The Committee, therefore, recommend and impress upon the Ministry / oil PSUs to re-assess the volume of work being undertaken by their lawyers/advocates and put in place a mechanism for empanelment of lawyers and monitoring of the performance appraisal of the lawyers on all oil PSUs at regular intervals.

REPLY OF THE GOVERNMENT

CPSEs follow an extensive presence across multiple locations throughout India and likewise, is involved in a diverse array of legal disputes that span from lower courts to Supreme Court of India. These cases relate to a wide range of specialised issues, which

require legal counsels with domain expertise for effectively defending and pursuing interest before judicial forums.

Likewise, on account of emerging needs of each matter, CPSE engages law firms and individual lawyers best in the legal field for addressing to peculiar needs. These advocates are engaged on case to case basis as per policies framed, which remain uniform across all verticals.

Senior advocates usually offer pro bono legal services to persons in need, and may not agree to do so for benefitting and pursuing the interest of CPSEs which have a focused business vision.

To optimize its legal operations, CPSEs regularly conduct a thorough assessment of the workload handled by advocates by organising Advocates Meets/Interactions on a periodic basis. This evaluation is aimed to ensure that legal tasks are distributed effectively, effective liaisoning is built between the Law Department of CPSE and the concerned advocate. During these Meets/Interactions, CPSEs also undertakes a performance assessment of the advocates and constructive feedbacks are also offered for course correction, minimising bottlenecks and ensuring timely and effective handling of legal cases.

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Recommendation No. 11

INTERNATIONAL LITIGATIONS

The Committee note that the upstream Oil PSUs like ONGC, OIL, OVL, etc. have undertaken Exploration and Production activities in various countries abroad. Engineers India Limited undertakes consulting engagements and implements projects in different countries. The Oil marketing companies like IOC/HPCL/BPCL and other refining companies also enter into agreements for purchase of crude oil/LPG, etc. GAIL buys LNG from the international markets. The Committee also note that the Oil PSUs have many international legal disputes.

The Committee further note that ONGC is currently engaged in two international disputes/litigations which are of commercial nature. As on date, one case is pending before the Hon'ble Delhi High Court and the other case is pending before Regional Trial Court, Surigao City, Philippines. Similarly, there are three matters regarding the international dispute related to OVL. Two matters are pending in the London Court against the Government of Sudan and one matter of OVL is pending in Dubai. There are five international litigation pending as on date in respect of BPCL and its subsidiary BPRL. As far as IOCL is concerned, there is only one international arbitration being pursued in Singapore. The Committee also note that the core issue involved in the international litigations relates to non-performance of contractual obligations and cost sharing disputes between joint venture partners.

Keeping in view the fact that large amount of money is being paid as fees to lawyers and also to arbitral institutions for handling international litigations and arbitration, the Committee feel that some out of the box solutions are needed to dispose of the

pending international litigations such as through formation of Conciliation Committees. The Committee desire that the Ministry should take up the matter at the highest level including the Ministry of External Affairs so as to facilitate Oil PSUs in handling international litigations particularly by holding bilateral meetings with the concerned countries where litigations are pending. The Committee, therefore, recommend that Oil PSUs having international disputes should rope in MEA to resolve the litigations abroad and also reframe their contracts by making suitable amendments so as to prevent similar litigations in future.

REPLY OF THE GOVERNMENT

As regards the Committee's recommendation regarding involving MEA in international litigation, it is submitted that regular briefing sessions and meetings occur with Embassy officials and MEA, and MEA is fully involved in the issues. Assistance of MEA is regularly sought and received in issues pertaining to matters in Sudan. As regards the reframing of contracts, necessary amendments are regularly made in Standard Contract to eliminate any scope of litigation. The Standard Contract would be further studied to ensure that any further scope of litigation may be prevented.

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CHAPTER III

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

- Nil -

CHAPTER IV

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

Recommendation No. 8

ROLE OF INDEPENDENT EXTERNAL MONITORS (IEM)

The Committee note that as part of implementing Integrity Pact Programme, Oil PSUs maintain a panel of former officials of Govt. of India who act as Independent External Monitors (IEM) nominated by the CVC, and are required to ensure desired integrity, transparency and objectivity in tendering/contracting process. Though the advice of IEMs is not legally binding and restricted to resolving issues raised by a Bidder regarding any aspect of Tender which is allegedly restrictive, non-competitive and biased towards some other Bidder, yet IEMs have been stated to be playing an important role in avoidance of potential litigation related to tendering process and contract execution. The Committee note that around 340 cases with total value of approx. Rs.1,50,000 crores have been handled by IEMs in ONGC since 2006, while in IOCL 197 references have been deliberated by IEMs involving a total amount of around Rs. 2000 crore. In BPCL, 18 complaints were handled, in CPCL 2 cases, while in HPCL 13 references were handled by IEMs during the last three years. Similarly, in EIL three cases, whereas in OIL 15 cases were referred to IEMs during the last three years.

The Committee have been given to understand that most of the cases referred to IEMs by the Oil PSUs were settled amicably and in very few cases recommendations were challenged in Court of Law. The Committee observe that the implementation of Integrity Pact Programme and role of IEMs has avoided escalation of disputes to courts of law. The Committee recommend that Ministry/Oil PSUs should explore the possibility of expanding the role of IEMs in disposing off various pending litigation cases related to Marketing Discipline Guidelines and eviction proceedings in respect of retail outlet dealers and LPG distributors at various legal forums. The Committee may be apprised of the action taken in this regard within three months of presentation of this Report.

REPLY OF THE GOVERNMENT

Integrity Pact (IP) was adopted by CPSEs for ensuring fairness and transparency in respect of public procurement through the tendering process. IP is required to be implemented through independent external monitors (IEMs). The recommendations of IEMs are not binding on the organisations and are limited to the aspects covered in the IP. In case any change is required to be made in the scope/ambit of operations which are vested with the IEMs, it would require directions from the competent authority in the Government.

To ensure that retail outlets (ROs) / LPG distributors follow operating policies, procedures and practices, as well as to maintain discipline in their operations, Marketing Disciplinary Guidelines (MDGs) were formulated by oil marketing PSUs. The MDGs are formulated to ensure high customer service standards and prevent malpractices while broadly covering

various aspects of operations of ROs/LPG distributorships such as storage, handling of products, sampling, testing, accounting, irregularities and penalties therefore MDG already contains a mechanism of appeal, challenging actions taken by oil marketing PSUs against the dealers/distributors. Accordingly, for MDG related disputes, there is adequate mechanism in MDGs itself, and such disputes may not fall within the current ambit of IEMs. Likewise, eviction matters are governed as per provisions of the underlying lease deed entered into between the parties and is subject to local land laws. In regard to such disputes, specific courts such as courts of small causes have exclusive jurisdiction to try suits and resolve disputes of eviction. In view of the aforesaid, IEMs may not have any such jurisdiction to deal with the above referred disputes.

Ministry of Petroleum and Natural Gas
O.M. No.Q-21012/1/2024-ED-PNG dated 14.10.2024

COMMENTS OF THE COMMITTEE

Refer Para 16 of the Chapter-I of this Report

CHAPTER V

**RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH FINAL REPLIES OF
THE GOVERNMENT ARE STILL AWAITED**

- Nil -

**New Delhi;
07 August, 2025
16 Shravan, 1947 (Saka)**

***Sunil Dattatrey Tatkare,
Chairperson,
Standing Committee on
Petroleum & Natural Gas.***

Confidential**STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS****(2024-25)****Minutes of the Fourteenth Sitting of the Committee**

The Committee sat on Thursday, the 07th August, 2025 from 1500 hrs. to 1530 hrs. in Committee Room Samanvay-2, First Floor, Parliament House, New Delhi-110001.

PRESENT

Shri Sunil Dattatrey Tatkare - **Chairperson**

MEMBERS**LOK SABHA**

- 2 Shri Benny Behanan
- 3 Shri Maddila Gurumoorthy
- 4 Shri Dileshwar Kamait
- 5 Smt. Pratima Mondal
- 6 Shri Laxmikant Pappu Nishad
- 7 Smt. Kamaljeet Sehrawat
- 8 Shri Janardan Singh Sigriwal
- 9 Dr. Amar Singh
- 10 Shri Ve Vaithilingam
- 11 Shri Balashowry Vallabhaneni
- 12 Shri Prabhubhai Nagarbhai Vasava
- 13 Shri Dharmendra Yadav

RAJYA SABHA

- 14 Shri Chunnilal Garasiya
- 15 Shri Mithlesh Kumar
- 16 Shri Mayankbhai Jaydevbhai Nayak
- 17 Dr. V. Sivadasan
- 18 Shri Ravi Chandra Vaddiraju

Annexure II

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY-FOURTH REPORT (SEVENTEENTH LOK SABHA) OF THE STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2023-24) ON THE SUBJECT 'LITIGATIONS INVOLVING OIL PSUS'.

I	<u>Total No. of Recommendations</u>	11
II	Recommendations/Observations which have been accepted by the Government (Vide Recommendations Nos. 1, 2, 3, 4, 5, 6, 7, 9, 10 and 11)	10
	Percentage to Total	91.00%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's (Vide Recommendations No. Nil)	00
	Percentage of Total	0.00%
IV	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations No. 8)	01
	Percentage of Total	9.00%
V	Recommendations/Observations in respect of which final replies of the Government are still awaited (Vide Recommendation No. Nil)	00
	Percentage of Total	0.00%