

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:2316

ANSWERED ON:08.12.2005

ADULTERATION IN PETROL AND DIESEL

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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government is aware that adulteration in petrol and diesel is a big scam that involves an annual recurring loss of at least Rs 10,000 crores to the exchequer;
- (b) if so, the reaction of the Government thereto; and
- (c) the steps taken by the Government in this regard?

Answer

MINISTER OF PETROLEUM & NATURAL GAS & PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b): The possibility of adulteration of petrol/diesel by some unscrupulous elements cannot be ruled out due to huge price difference between petrol/diesel and various adulterants available in the market and the easy miscibility of these products with petrol/diesel.

While, as per a recent study conducted by the National Council of Applied Economic Research to assess the genuine demand and requirement of kerosene, siphoning off of kerosene from PDS to non-household use is estimated as 18.1 per cent of total sale of PDS kerosene, no estimation of loss to the exchequer on account of adulteration in petrol and diesel is available.

(c): The Government/Public Sector Oil Marketing Companies (OMCs) have taken the following steps to contain the menace of adulteration:-

(i) Under the Control Orders issued by the Government to prevent fuel adulteration, under the Essential Commodities Act, 1955, State Governments are empowered to take action against those indulging in adulteration. Government have taken up this matter with all the State Governments/Union Territory Administrations to step up inspections/ surprise checks to ensure that adulteration-related activities are minimized and to exercise vigil/conduct inspections at various private firms, factories, processing units, etc., under their jurisdictions so as to identify the perpetrators of adulteration and take stringent action against them within the available legal framework.

(ii) OMCs undertake regular and surprise inspections of Retail Outlets and also take action under Marketing Discipline Guidelines (MDG) and Dealership Agreements against those indulging in adulteration and malpractices. MDG provide for penalty of termination of dealership in cases of adulteration being established.

(iii) As advised by the Government, Oil Marketing Companies (OMCs) have created a separate wing to report to a Director other than Director (Marketing), which will oversee and monitor all activities and operations to curb adulteration and specify norms and guidelines in this regard.

(iv) Keeping in view the misuse/diversion of SKO for adulteration, the import of SKO by private parties has been canalized through OMCs.

(v) OMCs have introduced new tamper proof tank-truck locking systems to prevent en route adulteration by transporters.

(vi) Information Technology (IT) solutions like monitoring movement of tank trucks through Global Positioning System (GPS) and monitoring level of fuel tanks in Retail Outlets through retail automation are being introduced.

(vii) Branding of Retail Outlets and third party certification of Retail Outlets have been initiated by the OMCs.

(viii) Effective 2nd October 2005, Government launched the Jan Kerosene Pariyojana as a pilot project in 417 blocks covering 23 States and one Union Territory for a period of six months with a view to strengthening and streamlining the infrastructure for kerosene distribution and involving the Gram Sabhas and Gram Panchayats and State Panchayati Raj Institutions in the supervision of PDS kerosene distribution, so as to ensure that entitled beneficiaries actually receive their entitlement and diversion to adulteration and black-marketing is capped, reversed and eventually eliminated. The pilot project is being concurrently evaluated by NCAER and, on the basis of the experience gained, Government will determine the possibility and desirability of extending the Pariyojana to cover all blocks in the country.

Measures to check adulteration are kept under continuous review of the Government.