

# COMMITTEE ON PETITIONS

(FOURTEENTH LOK SABHA)

## FORTIETH REPORT

MINISTRY OF PETROLEUM AND NATURAL GAS



**LOK SABHA SECRETARIAT  
NEW DELHI**

*March, 2008/Phalguna, 1929 (Saka)*

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MINISTRY OF PETROLEUM AND NATURAL GAS

*(Presented to Lok Sabha on 19.3.2008)*



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NEW DELHI

*March, 2008/Phalguna, 1929 (Saka)*

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## COMPOSITION OF THE COMMITTEE ON PETITIONS

Shri Prabhunath Singh — *Chairman*

### MEMBERS

2. Shri Shingada Damodar Barku
3. Shri Nandkumar Singh Chauhan
4. Shri N.S.V. Chitthan
5. Shri Anant Gangaram Geete
6. Shri Mohan Jena
7. Shri Wangyuh W. Konyak
8. Shri C. Kuppusami
9. Adv. Suresh Kurup
10. Shri Dharmendra Pradhan
11. Kunwar Jitin Prasada
12. Shri Kishan Singh Sangwan
13. Shri Jyotiraditya Madhavrao Scindia
14. Shri Mansukhbhai Dhanjibhai Vasava
15. Shri Paras Nath Yadav

### SECRETARIAT

- |                             |   |                         |
|-----------------------------|---|-------------------------|
| 1. Shri M. Rajagopalan Nair | — | <i>Secretary</i>        |
| 2. Shri P.K. Grover         | — | <i>Joint Secretary</i>  |
| 3. Shri A.K. Singh          | — | <i>Director</i>         |
| 4. Shri U.B.S. Negi         | — | <i>Deputy Secretary</i> |
| 5. Shri V.P. Gupta          | — | <i>Under Secretary</i>  |

FORTIETH REPORT OF THE COMMITTEE ON PETITIONS  
(FOURTEENTH LOK SABHA)

**INTRODUCTION**

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

- (i) Representation from Shri Ravi Kumar of District Saran, Bihar regarding commissioning of Ekma Fleet Pump allotted by IOCL.
- (ii) Representation of Shri V.P. Mohhamad Ayub of District Malappuram, Kerala requesting for vacation of premise under possession of Bharat Petroleum Corporation Limited (BPCL).
- (iii) Representation regarding opening of zonal office of Hindustan Petroleum Corporation Limited (HPCL) in Patna, Bihar.
- (iv) Representation from Shri Dharmendra Kumar Singh of District Saran, Bihar regarding appointment of distributor/dealer of Indane Gas by IOCL.

2. The Committee considered and adopted the draft Fortieth Report at their sitting held on 18th March, 2008.

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

NEW DELHI;  
18 March, 2008  
28 Phalguna, 1929 (Saka)

PRABHUNATH SINGH,  
*Chairman,*  
*Committee on Petitions*

## CHAPTER I

### REPRESENTATION FROM SHRI RAVI KUMAR OF DISTRICT SARAN, BIHAR REGARDING COMMISSIONING OF EKMA FLEET PUMP ALLOTTED BY I.O.C.L.

1.1 The petitioner, Shri Ravi Kumar, resident of Village Mukundpur, P.S. Ekma, District Saran, Bihar had stated that he applied for a Retail Outlet, under Fleet Operator Category at Ekma, District Saran, Bihar in response to an advertisement by IOC. He was interviewed on 07-02-2006 and was empanelled 1st for the said Retail Outlet. After FIR, the petitioner was issued LOI by the company. NOC was obtained from District Magistrate and this case was forwarded to office of National Highways for clearance. However, IOCL *vide* letter dated 21-03-2006 informed that the competent authority has directed to stop the work and commissioning of the said outlet until further orders. As a result thereof, the allotted Retail Outlet could not be commissioned without assigning him any reasons in the matter by IOCL.

1.2 The petitioner, therefore, requested that the matter may be investigated by the Committee and IOCL be directed to commission Ekma Fleet Operator pump so that he may not suffer loss of investment in purchase of land and infrastructure of show room and generator room.

1.3 The representation of the petitioner was referred to the MOP&NG on 5th April, 2006 for furnishing their comments on the points raised in the representation. In their response, the MOP&NG *vide* their communication dated 17th April, 2006 have furnished their commented as under:—

"In the interview conducted on 12-12-2005, the difference of marks between the 1st and 2nd empanelled candidates was less than 5%. Therefore, re-interview was conducted on 07-02-2006 as per the policy of the Company. In both the interviews Shri Ravi Kumar stood first and Shri Mukesh Kumar singh stood second. But before completion of one month after re-interview, on 06-03-2006 Shri Mukesh Kumar Singh, the 2nd empanelled candidate gave complaint alleging the following irregularities in the selection of Shri Ravi Kumar:

- (a) The selected candidate has submitted forged Income Tax return papers and obtained marks by adversely affecting marking pattern standard set by the Corporation.
- (b) The second interview was conducted and result declared without following any process. In the night of 09-01-2006 he was advised telephonically to come for interview on the next day by some Officer of IOC. He submitted an application and made enquiry about the interview. He did not get any clear reply and afterwards got a letter to appear at the interview on 02-02-2006, and again got a letter to appear on 07-02-2006, in place of 02-02-2006. On 07-02-2006, when he wanted to know the reason for interview, an unclear reply was given.

- (c) He has been awarded one mark less and his competitor was helped in an irresponsible way and placed at No.1 position.

In view of the complaint received within one month of interview, LOI was not issued to the 1st empanelled candidate. Issue of LOI has been kept at abeyance.

Investigation Officer has been appointed on 30-03-2006 for investigation and investigations have started. Further action will be taken based on the report of the investigation."

1.4. Thereafter, the Committee took oral evidence of the representatives of the MOP&NG on 18th April, 2006. On being asked about the status of the case, the witness from the IOCL stated as under:

"Sir, this is a representation from Mr. Ravi Kumar regarding commissioning of the retail outlet under fleet category allotted in his favour at Ekma, Saran district in Bihar State. The interview for this RO under fleet category was conducted on 12-12-2005 and again on 07-02-2006. The merit panel contains the names of Shri Ravi Kumar and panel No. 2 is Shri Mukesh Kumar Singh. The position is that the date of LOI, 01-03-2006, was kept in abeyance in view of complaint from second empanelled candidate. I would like to brief you.

Initially when the interview was conducted on 12-12-2005, out of three candidates called, only these two gentlemen attended the interview. The result was not announced because the difference in marks between two candidates was less than five per cent and, therefore, a screening committee, as per our policy, will have to re-examine the allocation of marks to justify the selection. As per that, the screening committee conducted re-interview on 07-02-2006 for both the candidates whose scores were within five per cent range and announced the following merit panel — Shri Ravi Kumar and Shri Mukesh Kumar.

On 6th of March, our Patna divisional office received a complaint from second candidate Shri Mukesh Kumar Singh, alleging irregularities in the selection of Shri Ravi Kumar. What were the allegations? One is the candidate has given forged income tax returns and obtained marks by adversely affecting marking patterns set by the Corporation, Then, he also alleged that the second interview was conducted and results declared without following any process. In the night of 9th January, 2006 he was advised telephonically to come for interview on the next day by some officer of IOC. So, he says that the second interview was also not proper. He has been awarded one mark less and his competitor was helped in an irresponsible way and placed in number one position. This is his allegation. He also desired that the official should be punished and their attempt to provide licence should be stopped.

In view of the above complaint, LOI issued to Shri Ravi Kumar has been kept in abeyance because as per the procedure if a complain comes we have to go for the investigation. Now, what we have done is this. This is actually a complaint against the screening committee. We have appointed Shri Alok Mishra, DGM (Retail) from Madhya Pradesh State office. He was nominated on 30th March, 2006 to investigate the matter and submit his report. Now Shri Ravi Kumar, the



dealer—select has made a petition to the Hon'ble Chairman for commissioning the RO immediately. The current status is that the investigating officer was nominated on 30th March, 2006 and the investigation is to commence now. Further action will be taken based on the investigation report. There is a complaint after issuance of LOI."

1.5 On being asked about the stage on which issuance of LOI was stopped, the witness stated as under:—

"As whatever stage, even if the RO is commissioned, if we get a complaint, we have to get that investigation and then prove that complaint is wrong and it is unsubstantiated, at whatever stage, whether it is before issue of LOI or after that. If somebody feels something is not done properly it is the duty of the Corporation to get it investigated by an appropriate person of rank and file and then comeback with the truth and the facts to see that what we have done is right or wrong. That is the state."

1.6 The Committee desired to know as to in how much time the investigation procedure will be completed? At this, the witness replied as under:—

"It will be completed within two months."

1.7 The MOP&NG *vide* their communication dated 12th April, 2007 have furnished the latest status report in the matter as under:—

"The complaint was investigated and found substantiated. Hence, the LOI issued is being withdrawn."

1.8 The petitioner submitted another representation dated 24th April, 2007 wherein it was stated that a Fleet Operator Pump at Ekma was allotted to him in February, 2006 which has not yet been commissioned. An enquiry has been conducted in the matter. The petitioner has further stated that IOCL *vide* their letter dated 24th April, 2007 have issued instructions to him to explain the reasons as to why LOI should not be withdrawn and conduct the re-interview. The petitioner therefore, requested that *status quo* may be maintained till the matter was pending before the Committee on Petitions.

1.9 The representation of the petitioner was referred to the MOP&NG on 15th May, 2007.

1.10 The MOP & NG *vide* their communication dated 28th February, 2008 furnished the latest position in the matter as under:—

"The LOI issued to Shri Ravi Kumar is being withdrawn by IOC to enable fresh evaluation of candidates based on the documents submitted by them at the time of their applications.

Shri Ravi Kumar had filed a writ petition in Patna High Court to recall the order contained in the letter dated 16.3.2006 issued by SDRSM, Patna, by which the LOI holder was asked to stop any further proceeding for commissioning of the RO dealership. The Writ Petition is waiting for admission before Hon'ble Patna High Court."

1.11 In reply to a question as to whether any show cause notice was issued to the petitioner before cancellation of LOI, the MOP&NG is their communication dated 28th February, 2008 stated as under:—

"A Show Cause Notice dated 24.4.2007 was issued to Shri Ravi Kumar regarding withdrawal of the LOI. A reply dated 10.5.2007 was submitted by Shri Ravi Kumar and on his request, a personal hearing was conducted on 24.6.2007."

1.12 As regards maintaining *status quo* in the matter till the case was pending before the Committee, the MOP&NG informed that the matter was under consideration of the Ministry.

1.13 Thereafter, the Committee took oral evidence of the representatives of MOP & NG on 29th February, 2008. During the course of evidence the Director (Marketing), IOCL submitted as under:—

"Sir, the second empanelled candidate have complained against the LOI given to Ravi Kumar and this issue was also discussed during the last meeting of the Committee. After that we got it examined through two G.M. level committees. It was found that the income tax return submitted by Shri Ravi Kumar was not for the relevant period. The marking was wrong."

1.14 When asked about the year of the income tax return submitted by the petitioner, the witness replied that he submitted for the year 2003-2004. Whereas return for the year 2004-05 was required to be submitted.

1.15 Informing about the date of submitting the papers, the witness stated as under:—

"It was advertised in August, 2005 and the last date for submission of documents was 5.9.2005."

The witness further added that:—

"I want to add one more thing that there was another location of Tajpur in the same district and when the Committee evaluated, the second candidate Rajesh Kumar Singh complained against the candidate who was issued the LOI that he has not been given equal marks for financial parameters. When Committee examined the case, it was found that he has not submitted the income tax return for the relevant year, therefore, his application was rejected and the pump is being commissioned to the LOI holder. The same stand was taken in another case in the same district. We would like to suggest that on the basis of documents received, re-interview may be conducted for both the committees."

1.16 The Committee pointed out that petitioner was interviewed two times and he was empanelled at serial No.1 in the merit list both the times. Now if they conduct the re-interview again it would not be right. At this the witness stated as under:—

"In such cases, earlier also, we took decision of re-interview as policy."

The witness further added that:—

"we will examine your suggestion for re-advertisement and we will let you know."

#### Observations/Recommendations

1.17 The Committee note that the petitioner, Shri Ravi Kumar, applied for a Retail Outlet under fleet operator category at Ekma, District Saran, Bihar in response to an advertisement by IOCL. He was interviewed on 07.02.2006 and was empanelled 1st for the said R.O. After FIR, the petitioner was issued LOI by the Company. NOC was also obtained from the District Magistrate and the case was forwarded to office of National Highways for clearance. Thereafter, IOCL *vide* letter dated 21.03.2006 informed that the competent authority has directed to stop the work and commissioning of the R.O. until further orders, without assigning any reasons in the matter. The petitioner, therefore, requested that the matter may be investigated and IOCL be directed to commission the said R.O.

1.18 The Committee were informed that initially interview was conducted for the said R.O. on 12.12.2005 in which only two candidates appeared in the interview. The result was not announced as the difference in marks between two candidates was less than five percent. Therefore, as per the policy of the Company, the screening Committee conducted re-interview on 07.02.2006. In both the interviews, the petitioner stood first. On 06.03.2006, the said empanelled candidate made a complaint against the selection of the petitioner alleging that the petitioner had given forged income tax returns and obtained marks by adversely affecting marking patterns set by the Corporation. He had also alleged that the second interview was conducted and result declared without following any process. He was awarded one mark less and his competitor was helped in an irresponsible way and placed at No. 1 position. He had also desired that the official should be punished and their attempt to provide licence should be stopped. In view of the complaint, LOI issued to the petitioner has been kept in abeyance as per the procedure of the Company. An Investigating Officer was appointed on 30.03.2006 to investigate the matter and submit the report. It was clarified during the course of evidence that if any complaint is received at any stage, the same is investigated by an officer of appropriate rank to see the truth and the facts. The Committee have since been informed that the complaint was found substantiated and hence, the LOI issued to the petitioner is being withdrawn.

1.19 The Committee observe that the complaint against the petitioner has been substantiated to the extent that instead of Income Tax returns for the year 2004-05, the return for the year 2003-04 were submitted. As a result of which LOI issued to the petitioner is being withdrawn. This only goes to show that the selection procedure of the oil company for dealership/distributorship is faulty and still not fool proof which gives rise to all sort of complaints and counter complaint from various quarters. The Committee had in the past also in similar cases recommended that the guidelines and parameters for selection of dealership should be objective and fair and should not give any cause of grievance to anybody from any quarters. This would avoid unnecessary harassment to the dealers-select as well who might have invested substantial amount on setting up infrastructure for opening of retail outlet after issuing of LIO to him. The Committee, nevertheless, have sympathetic view for the petitioner for the reason

that not only he secured first position twice in two interviews held for the said Retail Outlet but took several measures including financial investment for the early commissioning of the outlet. The Committee feel that the minor technical fault for not submitting the income tax return of the relevant year on the part of the petitioner, is no way a financial irregularity particularly in the case of otherwise deserving candidate.

1.20 The Committee are, however, unhappy that the Ministry did not take the lenient view despite of the facts that the petitioner secured first position in the interviews held on two occasions in the past for the said Retail Outlet and the LOI issued in his favour was cancelled. The Committee, therefore, desire that the Ministry/ IOCL should take immediate steps to ensure that a fresh advertisement is issued by the Company and the candidate for the said RO is selected at the earliest. The Committee would like to be apprised of the action taken in the matter within a period of one month.

## CHAPTER II

### REPRESENTATION FROM SHRI V.P. MOHAMMED AYUB OF DISTRICT MALAPPURAM, KERALA REQUESTING FOR VACATION OF PREMISES UNDER POSSESSION OF BHARAT PETROLEUM CORPORATION LIMITED (BPCL)

2.1 Shri A.P. Abdulla Kutty, M.P. forwarded a representation signed by Shri V.P. Mohammed Ayub, resident of P.O. Erankikode, Edavanna Malappuram District, Kerala requesting for vacation of premises under possession of Bharat Petroleum Corporation Limited (BPCL).

2.2 In his representation, the petitioner submitted that a land situated in Mannarkkad town in Palakkad District which was purchased by him to construct the building for doing some business for his livelihood had been in possession of Bharat Petroleum Corporation (the then Burmah Shell Oil Storage and Distributing Company) since 01.12.1963 on lease period of 20 years on nominal licence fee. The said period of lease had expired in 1983 but the lease period was further extended for 20 years more by the Court. This extended lease period expired on 31.11.2003 and even thereafter, the BPCL was not vacating that property. The petitioner further stated that he approached the BPCL for vacation of possession of his property orally but when he failed in his attempt, he issued registered notices to the BPCL but BPCL took an unpleasant attitude and dragged him to a court of law as a result of which he has suffered a great loss as ultimately he was also forced to approach the Court and filed a suit to get the premises vacated and direct the BPCL to remove the structures. Even before the court the company had taken a very unjust stand which could not be expected from a nationalised company. The BPCL are trying to protract the case so that they could run the outlet without paying anything. According to the petitioner, even in small town such an outlet will fetch a minimum monthly licence fee of Rs. 30000 to 40000/.

2.3 The petitioner has, therefore, requested to take necessary action for vacation of the above mentioned premises so that his grievance could be redressed.

2.4 The Committee under Direction 95A of Directions by the Speaker took up the representation for examination. Accordingly, the above representation was forwarded to the Ministry of Petroleum and Natural Gas (MOP&NG) on 29th December, 2007 requesting them to furnish their comments on the issues raised in the representation. In response thereto, the MOP&NG *vide* their communication dated 5th February, 2008 furnished their comments as under:—

"Bharat Petroleum Corporation Limited (BPCL) has reported that the subject RO site of M/s. Mannarghat Filling Station in Palakkad District, Kerala delmeasuring 27 cents was taken on lease by the corporation's predecessor, M/s. Burmah Shell Oil Storage and Distributing Company of India Limited on 30.1.1964 for a period of 20 years with a quarterly rent of Rs. 600 from the then

landowner, Mr. V.K. Kunhunni Sahib son of Khan Bahadur Kalladi Moidutty. The lease agreement had renewal option for a further period of 20 years, *i.e.* upto 29.1.2004. Subsequent to the death of the landlord in 1972, the lease rights vested with 3 persons namely, Khadeeja Umma, Fathima Umma and Rukhiya Umma and subsequent rents were paid by the corporation to them.

The renewal option for the period 1984 to 2004 was exercised by the corporation on the order of the Munsif Court, Mannarkkad. After the expiry of the lease in 2004, the said premises continue to be occupied by BPCL as per the provisions of section 106 of the Kerala Land Reforms Act, which gives protection and benefits to tenants who had entered into lease agreements before 20.5.1967. The said Act stipulated that the rentals are liable to be revised every 12 years.

There was a proposal for purchase of the site in 2001, but the same did materialize due to difference of opinion among the land owners. In the meantime, the owners of the property sold it to a third party, Mr. P.P. Mohammed Ayub son Mohammed Haji during the lease period without informing BPCL. Shri P.P. Mohammed Ayub, after purchasing the property, issued a notice to BPCL on 29.10.2002 for vacation of the site. The rentals for the premises were paid till 31.12.2002 and after the change in ownership, the rental payment was stopped since documents pertaining to change of ownership were not produced to BPCL. In the meantime, Shri P.P. Mohammed Ayub had gone to court for vacation of site and the matter is *subjudice*.

Recently, the landlord along with his son met BPCL's General Manager (Retail) South and his team. During the discussion, the landlord requested BPCL to vacate the site and the corporation informed him about the production available to the corporation under Kerala Tenancy Act and also about the huge investment already made by company at the RO site. It was also brought to his notice that till date, the landlord has not produced any documentary evidence to prove his title over the subject site. BPCL had requested him to submit all relevant copies of land documents to the Territory Manager (Retail) of BPCL at Calicut.

BPCL have offered two options to the landlord, *i.e.* purchase of the site by the corporation on renewal of lease on mutually agreed rentals. Since the landlord did not agree to both the options, the corporation had asked the landlord to offer a suitable alternate potential site either at Mannarkkad or at any other cities such as Cochin, Calicut etc. The response to this offer is awaited and on receipt of the same, BPCL will take further action."

2.5 The MOP&NG *vide* their communication dated 28th February, 2008 has further informed the Committee as under:—

"The landlord, Mr. Mohammed Ayub, had met officials of BPCL on 1.2.2008 and he categorically stated that he is not interested in renewal of the lease. He, however, was open to the suggestion of BPCL for vacation of the existing premises by the corporation if he could arrange another suitable site at

Mannarghat. The landlord also showed his interest in the suggestion for outright purchase of the existing site by BPCL at market value. It was eventually decided that official of BPCL would visit Mannarghat during February to evaluate an alternate site offered by the landlord."

2.6 As regards the terms and conditions when that building was given to BPCL on rent, the MoP&NG informed the Committee as under:—

"This RO site and measuring 11,760 sq. ft. was taken on lease by BPCL's predecessor, M/s. Burmah Shell Oil Storage and Distributing Company of India Ltd., on 30th January 1964 for a period of 20 years *i.e.*, till 29.01.1984 with a quarterly rent of Rs. 600 from the then landowner, Mr. V.K. Kunhunni Sahib, S/o Khan Bahadur Kalladi Moidutty. The lease also had an option for a further terms of 20 years *i.e* upto 29.1.2004, which was exercised by BPCL on the intervention of the Munsiff Court, Mannarghat."

2.7 Explaining about the reasons for not vacating the building by HPCL, the MoP&NG *vide* their communication dated 28th February, 2008, stated as under:—

"There is an eviction suit filed by the lessor. Since the matter is *subjudice*, BPCL, wish to continue till the case is decided by the court. Further, BPCL's occupation of the site is protected under the provisions of the Kerala Land Reforms Act. This retail outlet is at a strategic location and has very good sales of 60 KLs MS & 180 KLs HSD per month. Surrendering the site and closing down the outlet will not be commercially prudent for BPCL."

2.8 The Committee were also informed by the MoP&NG about the steps taken by the Ministry for vacation/handling over the possession of the building to the petitioner, as under:—

"The lease agreement between BPCL and the landowner is a contract between the two and Ministry is not a party to the contract. Further, his Ministry does not interfere in the day-to-day functioning or in the commercial activities of the corporation. Nevertheless, the Government has recently formed a high level committee to look in various issues related to de-lease of lands by public sector oil marketing companies and to formulate uniform and transparent policy in the matter."

2.9 The Committee undertook on-the-spot visit to Mumbai on 8th February, 2008 and hold informal discussion with the representatives of the Ministry of Petroleum and Natural Gas and officials of BPCL. During the discussion the Committee, after going into the details of the case, directed the Ministry to find out some way to vacate the premises under possession with HPCL and the petitioner may be taken into confidence for sorting out the matter amicably. In their response, the BPCL had assured that the case will be sorted out within a period of four months.

2.10 Thereafter, the Committee took oral evidence of the representatives of the MoP&NG on 29th February, 2008.

2.11 During the course of evidence, the Committee pointed out that it was a long pending case and the petitioner is fighting the case for the last 20 years and he was in dire need of the vacant possession of the premises which is under possession of BPCL. Commenting on this, the Director (Marketing), BPCL stated as under:—

"This outlet is run through the dealer. The Company took the land on lease. It is Company's land, and it is called Company Controlled Pump (CCP). The Company appoints the dealer who runs the facility on our behalf."

2.12 The Committee asked whether a lenient attitude could be taken in the matter? At this, the witness stated that they were looking at that.

2.13 When asked about payment of proper rent of the premises, the Additional Secretary, MoP&NG, stated as under:—

".....about rental, we have now agreed that we can pay the market rental or we can buy the land. We will discuss that with him and come to an amicable settlement."

2.14 Regarding enhancement of rent, the witness stated that they had agreed to that. The witness from MoP&NG, further stated as under:—

".....We are receiving such requests from all over the country and, therefore, we have constituted a committee under the Chairmanship of Additional Secretary. We have prepared a report in which we have suggested that in such cases, company should purchase at market rate or provide it on market rate. In the present case also, we asked the company that whatever solution they provide that should be on market rate. If the owner want to give it at market rent, we are willing to pay the market rent. If he wants to sell it, we will buy it at market rate. If we can get some other land, we will give it back to him."

2.15 When the Committee wanted to know about any alternative if one did not want to sell the land, the witness stated as under:—

"Sir, for critical sites, where alternative land is not available we are compelled to continue the litigation. As is happening in Mumbai. Every person in Mumbai is asking to return his land. If we return the land, there will not be single petrol pump from Santacruz to Cuffeparade, then what will be option for consumers? If we get land in village, we will return the land from non-critical sites. This is our suggestion."

#### **Observations/Recommendations**

2.16 The Committee note from the submission made by the petitioner that a land situated in Mannarghat town in Palakkad District which was purchased by him to construct the building for carrying out some business for his livelihood had been in possession of Bharat Petroleum Corporation (the then Burmah Shell Oil storage and Distributing Company) since 01.12.1963 on lease period of 20 years on nominal licence fee. The said period of lease had expired in 1983 but the lease period was further extended for 20 years more by the Court. This lease period expired on 31.11.2003 and even thereafter, the BPCL was not vacating that property. The Petitioner has further submitted that due to unpleasant attitude of the BPCL, he was forced to go to court and the company is taking a stand not expected from a nationalised company



and trying to protract the case. Even in small town such an outlet will fetch a minimum monthly license fee of Rs. 30000 to 40000. The petitioner has also appended a copy of the letter addressed to BPCL wherein he has informed that his inquiries revealed that a few sites are available near the National Highway which may suit the company. The petitioner, therefore, requested to take necessary action for vacation of the above mentioned building so that his grievance could be redressed.

2.17 The Committee note from the reply of the Ministry of Petroleum & Natural Gas that Bharat Petroleum Corporation Limited (BPCL) has reported that the subject RO site of M/s. Mannarghat Filling Station in Palakkad District, Kerala admeasuring 27 cents was taken on lease by the Corporation's predecessor, M/s. Burmah Shell Oil Storage and Distributing Company of India Limited on 30.1.1964 for a period 20 years with a quarterly rent of Rs. 600 from the then landowner, Mr. V.K. Kunhunni Sahib son of Khan Bahadur Kalladi Moidutty. The lease agreement had renewal option for a further period of 20 years, *i.e.* upto 29.1.2004. Subsequent to the death of the landlord in 1972, the lease rights vested with 3 persons namely, Khadeeja Umma, Fathima Umma and Rukhiya Umma and subsequent rents were paid by the corporation to them. The renewal option for the period 1984 to 2004 was exercised by the corporation on the order of the Munsif Court, Mannarkkad. After the expiry of the lease in 2004, the said premises continue to be occupied by BPCL as per the provisions of Section 106 of the Kerala Land Reforms Act, which gives protection and benefits to tenants who had entered into lease agreements before 20.5.1967. The said Act stipulated that the rentals are liable to be revised every 12 years. There was a proposal for purchase of the site in 2001, but the same did not materialize due to difference of opinion among the land owners. In the meantime, the owners of the property sold it to a third party, Mr. P.P. Mohammed Ayub son of Muhammad Haji during the lease period without informing BPCL. Shri P.P. Mohammed Ayub, after purchasing the property, issued a notice to BPCL on 24.10.2002 for vacation of the site. The rentals for the premises were paid till 31.12.2002 and after the change in ownership, the rental payment was stopped since documents pertaining to change the ownership were not produced to BPCL. In the meantime, Shri P.P. Mohammed Ayub had gone to court for vacation of site and the matter is subjudice. Recently, the landlord along with his son met BPCL's General Manager (Retail) South and his team. During the discussion, the landlord requested BPCL to vacate the site and the corporation informed him about the protection available to the corporation under Land Reforms Act and also about the huge investment already made by company at the RO site. It was brought to his notice that till date, the landlord has not produced any documentary evidence to prove his title over the subject site. BPCL had requested him to submit all relevant copies of land documents to the Territory Manager (Retail) of BPCL at Calicut. BPCL have offered two options to the landlord, *i.e.* purchase of the site by the corporation or renewal of lease on mutually agreed rentals. Since the landlord did not agree to both the options, the corporation had asked the landlord to offer a suitable alternate potential site either at Mannarkkad or at any other cities such as Cochin, Calicut etc. The response to this offer is awaited and on receipt of the same, BPCL will take further action. The landlord, Mr. Mohammed Ayub, had met officials of BPCL on 1.2.2008 and he categorically stated that he is not interested in renewal

of the lease. He, however, was open to the suggestion of BPCL for vacation of the existing premises by the corporation if he could arrange another suitable site at Mannarkkad. It was eventually decided that officials of BPCL would visit Mannarghat during February to evaluate an alternate site offered by the landlord.

2.18 The Committee further note from the evidence tendered by the Ministry that they proposed to further discuss the matter with the petitioner to find an amicable settlement and have also agreed to pay the market rent or buying the land. The Committee note from the evidence of the Ministry that they have been receiving the request of vacation of land from all over the country and they have constituted a committee under the Chairmanship of Additional Secretary. The Committee also note that for critical land where alternative land is not available they are compelled to continue the litigation and they will return the land from non-critical sites.

2.19 The Committee are constrained to observe that a cash rich Navratna oil company like BPCL is engaged in an avoidable legal battle with the petitioner who is insisting on vacation of his small land holding comprising only 11760 sq. ft. The Committee are of the firm view that the petitioner's site in Mannarkkad town in Palaghat District can by no stretch of imagination be termed as a 'critical site', more so when it may not be difficult to find alternative site in nearby areas. The petitioner has suggested some such sites though he is under no obligation to arrange such sites as is being unjustifiably demanded by BPCL. The Committee, therefore, strongly deprecate the approach of the Ministry which goes against their own stated policy of returning the land in non-critical sites. The Committee are extremely unhappy to note that the BPCL has also stopped paying whatever meagre rent they were paying to the land owner since 2002, even though the petitioner submitted to them his ownership proof long ago. The Committee are not convinced that the investment on infrastructure made by BPCL is large enough to justify their continuation at the site, since by a conservative estimate their rent dues at market rate would be 3-4 times of their total investment. The Committee also fail to comprehend as to how the Ministry/BPCL have sought protection of the Section 106 of the Kerala Land Reforms Act to perpetuate their lease since basic tenets of such Acts seek to protect the interest of downtrodden and oppressed section of the society and save them from the clutches of greedy landlords.

2.20 The Committee strongly disapprove the purely commercial approach of the BPCL and giving a go bye to their minimal social obligation by waging a legal battle with a humble landlord to deprive him of his land and livelihood.

2.21 After due consideration of facts enumerated above, particularly the fact that the BPCL had assured that the issue will be settled within a period of four months and since then one month has already elapsed and the fact that petitioner's land does not fall in 'critical site' category, the Committee desire that the issue may be settled by the Ministry/BPCL immediately with the petitioner so that the said site may be vacated within a period of three months. The Committee also recommend that dues of the petitioner be calculated on market rate and paid to him forthwith. The Committee would like to be apprised of the action taken in the matter within a period of three months.

### CHAPTER III

#### REPRESENTATION REGARDING OPENING OF ZONAL OFFICE OF H.P.C.L. IN PATNA, BIHAR

3.1 Shri Ram Pravesh Rai, Deputy Chief Whip, Bihar Legislative Assembly, Patna submitted a representation regarding opening of Zonal Office of H.P.C.L. in Patna, Bihar.

3.2 In the representation, the petitioner submitted that a proposal is under consideration for opening of Zonal Office of Hindustan Petroleum Corporation Limited (HPCL) in Lucknow and Bihar is proposed to be covered in that Zonal Office. According to the petitioner it will be an injustice to Bihar if the proposed zonal office is not opened in Patna.

The petitioner, therefore, requested that keeping in view of the historical, geographical and commercial importance of Bihar and in public interest also, the Zonal Office of HPCL should be opened in Bihar in place of Lucknow.

3.3 The Committee took up the representation for examination under Direction 95 of Directions by the Speaker. Accordingly, the above representation was forwarded to the Ministry of Petroleum and Natural Gas (MOP&NG) on 20th December, 2007 requesting them to furnish their comments on the issues raised in the representation. In their response, MOP&NG *vide* their communication dated 28th February, 2008 submitted their comments as under:—

"Hindustan Petroleum Corporation Limited is primarily engaged in the Refining and Distribution of Petroleum Products across India. The two refineries of HPCL are situated at Mumbai and Vishakhapatnam. The Marketing organization of the Corporation is broadly divided into four Strategic Business Unit, *viz.* Retail, LPG, Direct Sales and Aviation. All the above Business Units are currently headquartered at Mumbai. In order to ensure implementation of the strategic objectives, each of the public sector Oil Marketing Companies (OMCs), including HPCL, has the operational flexibility to structure its business so as to enable them to best translate their strategies into business performance."

3.4 Explaining about the reasons for opening of a Zonal Office of HPCL in Lucknow, the MOP & NG *vide* their communication dated 28th February, 2008 stated as under:—

"There is a proposal to restructure the Retail SBU structure which, *inter-alia*, involves a Retail Zone Office at Lucknow. The Retail SBU Structure of HPCL currently consists of Zonal Offices headquartered at New Delhi (North Zone), Mumbai (West Zone), Kolkata (East Zone) and Chennai (South Zone). Each of these retail zones comprises of Regional Offices with specific geographical jurisdiction to carry out the retail business of the corporation. Currently, there

are 41 Retail Regional Offices across the country. A similar structure also exists for the Corporation's LPG BU.

Keeping in view the various business initiatives currently in progress and future plans of the Retail BU, including various factors such as geographical spread, existing network of Retail Outlets, sales volumes, market potential etc., a proposal was presented for the creation of a central zone headquartered at Lucknow. As regards the LPG BU, there is no proposal to create a central zone and the existing alignment in respect of the States which are part of the central zone would continue.

The above factors were also examined in detail by a Professional consulting firm M/s. Accenture."

3.5 The Committee were informed that the proposal Central Zone would cover Uttar Pradesh, Uttarakhand and Bihar.

3.6 As regards the reasons for not opening of Zonal Office of HPCL in Bihar State, the MOP&NG submitted as under:—

"The important factors which were taken into consideration during the restructuring proposal were geographical spread, existing network of retail outlets, sales volumes, market potential etc.

In so far as business presence of the Corporation in Bihar is concerned, it is stated that there is one Retail, Direct sales and LPG Regional Office each in Bihar, all headquartered at Patna. Further, the Corporation operates POL Depots at Patna, Dhanbad and Barauni. There are 234 retail outlets across Bihar State to cater to the Motor fuel business.

In comparison, the Corporation has major depots at Mughalsarai, Baitalpur, Aamouisi, Mathura, Bareilly, Meerut etc. besides Retail Regional Offices at Lucknow, Meerut, Mughalsarai and Mathura. The Corporation also has direct sales and LPG Regional Office situated at Lucknow/Unnao. There are also a total number of 879 retail outlets across the State."

3.7 Regarding the latest position in the matter, the MOP & NG stated as under:—

"The proposal was presented by M/s. Accenture to the Board of Directors on 28.1.2008 and the Minutes conveying the decision of the Board of Directors is awaited."

3.8 Thereafter, the Committee took oral evidence of the representatives of the Ministry of Petroleum and Natural Gas on 29th February, 2008.

3.9 During the course of evidence, the Director (Marketing) HPCL, explained the reasons for opening of the Zonal Office of HPCL in Lucknow, as under:—

"About the particular proposal, HPCL is currently working with four zones. During the process of our business expansion, we found that some of the places are getting neglected. It is because currently, Bihar is attached to the East Zone. North Eastern States Orissa and West Bengal also come under this zone. So, proper focus is not being given to the States but the same is not being

done. In our restructuring, we have included three states viz. Uttar Pradesh, Bihar and Uttarakhand. Lucknow is the central location for these three States. Both one equidistant from both the States and that is the reason that we decided that it should be there at Lucknow. In Lucknow our volume is almost five times of the volume of Bihar. That is the reason we have said that our main focus is to sustain the volume in Uttar Pradesh and do further development for Bihar. It is only for the retail part that we are doing restructuring and not for LPG."

3.10 The Committee pointed out that when the Ministry talked about the Central Zone/Central location, the Head Office of HPCL in Mumbai which is also not a Central Zone but HPCL has been operating through out the country from Mumbai. Therefore, the plea about Central Zone at Lucknow is not reasonable. The Committee, wanted to know whether there was any other reason, if any, for opening of Zonal Office at Lucknow? At this, the witness submitted as under:—

"It is central place for all the three zones. We have identified every State including Uttarakhand. Earlier Maharashtra, Madhya Pradesh and Gujarat were together. Now, by asking Gujarat, it is included with Rajasthan. In the same way, Madhya Pradesh and Maharashtra have been combined together. Now a common zone for the States—Uttarakhand, Uttar Pradesh and Bihar, has been created. In Lucknow we find that it is equidistant from Bihar as well as Uttarakhand. So, our administrative decision would be much easier for us.

Today, about our supply locations/depots, in Uttar Pradesh about five to six supply locations are there. We have three supply locations in Bihar which are to be developed. That is the reason, we are doing it".

3.11 Regarding opening of more supply locations/depots. In Bihar, the witness stated as under:—

"We will increase their number in future. We have plans about there. We will focus on them. We are not able to focus on them now. We will very soon focus on them".

3.12 The Ministry submitted the post reorganisational zonal structure of Retail Business Units in the country as follows:—

Zone-I North Zone	Number of Retail Outlets
Punjab	609
Haryana	326
Delhi	96
Chandigarh	11
H.P.	62
J & K	98
Total	1202

Zone-II North Zone	Number of Retail Outlets
U.P.	879
Bihar	234
Uttarakhand	95
Total	1208

  

Zone-III West-East	Number of Retail Outlets
Maharashtra	873
Goa	31
M.P.	357
Total	1261

  

Zone-IV North-West	Number of Retail Outlets
Gujarat	398
Rajasthan	635
Daman	02
Total	1035

  

Zone-V West	Number of Retail Outlets
Maharashtra	873
Goa	31
Total	904

  

Zone-VI South Central	Number of Retail Outlets
Karnataka	494
A.P.	733
Total	1227

  

Zone-VII East	Number of Retail Outlets
Orissa	176
Chhattisgarh	142
Jharkhand	159
W.B.	382
Assam	61
N.E.	23
Total	943

### Observations/Recommendations

3.13 The Committee note from the submission of the petitioner namely Shri Ram Pravesh Rai that Hindustan Petroleum Corporation Limited (HPEC) propose to open a Zonal Office in Lucknow wherein Bihar will be included as one of the States. The petitioners, therefore, requested that keeping in view the historical, geographical and commercial importance of Bihar, proposed zonal office of HPCL should be opened at Patna in Bihar.

3.14 The Committee were informed that HPCL is primarily engaged in the refining and distribution of Petroleum Products across the country. The two refineries of HPCL are situated at Mumbai and Vishakhapatnam. The Marketing Organization of the Corporation is broadly divided into four Strategic Business Unit (SBU) i.e. Retail, LPG, Direct Sales and Aviation. All the above business units are currently headquartered at Mumbai. In order to ensure implementation of strategic objectives, each of the public sector Oil Marketing Companies (OMCs), including HPCL, has the operational flexibility to structure its business so as to enable them to translate their strategies into business performance.

3.15 The Committee were further informed that there is a proposal to restructure the Retail SBU structure, which, inter-alia involves a Retail Zonal Office at Lucknow. The Retail SBU structure of HPCL currently consists of zonal offices headquartered at New Delhi (North Zone), Mumbai (West Zone), Kolkata (East Zone) and Chennai (South Zone). Each of these retail zonal offices comprises of Regional Offices with specific geographical jurisdiction to carry out the retail business of the corporation. Currently, there are 41 Retail Regional Offices across the country. A similar structure also exists for the Corporation's LPG BU. Keeping in view the various business initiatives currently in progress and future plans of the Retail BU, including various factors such as geographical spread, existing network of retail outlets, sales volumes, market potential, etc. a proposal was presented for the creation of a Central Zone headquartered at Lucknow. All these factors were also examined in detail by a professional consulting firm M/s Accenture.

3.16 In so far as business/presence of the Corporation in Bihar is concerned, it was informed there is one Retail, Direct Sales and LPG Regional Office each in Bihar and all are headquartered at Patna. Further, the corporation operates POL Depots at Patna, Dhanbad and Barauni, There are 234 retail outlets across Bihar which cater to the motor fuel business. In comparison, in Uttar Pradesh the corporation has major depots at Mughalsarai, Baitalpur, Aamouisi, Mathura Bareil, Meerut, etc. besides Retail Regional Offices at Lucknow, Meerut, Mughalsarai and Mathura. The Corporation has also direct sales and LPG Regional Office situated at Lucknow/ Unnao. There are also a total number of 879 retail outlets across the States. The proposal for creation of New Zonal office at Lucknow was placed before Board of Directors on 28.01.2008 but their decision in the matter is still awaited.

3.17 The Committee are not convinced with the submission of the Ministry/HPCL that the Headquarter of the proposed reorganised zone for retail outlets comprising the States of U.P. Bihar and Uttarakhand will be located at Lucknow as being the

Central location for these States and also being equidistant from both the States i.e. Bihar and Uttarakhand. As a matter of fact, there are a number of Institutions/ Organisations like RBI, SBI, BPCL etc. for which Mumbai is the Headquarter although the same could not be called as the Central place for the entire country. The Committee also feel that each of the re-structured zones should not necessarily have more or less the same number of retail outlets. In fact, the opening of zonal offices in the areas with less number of Retail Outlets would act as catalyst for speedy proliferation of Retail Outlets/distributorships and allied development. The Committee are of the view that the proposed zones should be so restructured which allow effective supervision of the retail business of the Company and at the same time give impetus to the over all development of the respective State.

3.18 The Committee note that the Retail Business Units of HPCL are proposed to be structured into 7 zones. These zones cover 41 regions and 8093 retail outlets in various States. The Committee, feel that some of the zones to be structured seems to be too unwieldy to be focused keeping in view the geographical area of the States and existing network of retail outlets. Needless to say, States like Bihar needs to be more focused, in order to expedite the pace of development in the State. Historically, Bihar is an important State of the country. The Committee, therefore, are of the view that the proposed restructuring into 7 zones need further modification for smooth and efficient implementation of strategic and operational activities of the corporation and attainment of its desired aims and objectives. After going into the details of existing zonal structure and due consideration of all relevant factors, the Committee are of the opinion that the existing zonal structure could be further reorganised into 9 Zones as follows:

Zone-I North Zone	Number of Retail Outlets
Punjab	609
Haryana	326
Chandigarh	11
H.P.	62
J & K	98
Total	1006
Zone-II Central West	Number of Retail Outlets
U.P.	879
Delhi	96
Uttarakhand	95
Total	1070
Zone-III Central East	Number of Retail Outlets
Bihar	234



Zone-III Central East	Number of Retail Outlets
Jharkhand	159
M.P.	357
Total	750
Zone-IV East	Number of Retail Outlets
Orissa	176
W.B.	382
Assam	61
N.E.	23
Total	642
Zone-V West	Number of Retail Outlets
Maharashtra	873
Goa	31
Total	904
Zone-VI North-West	Number of Retail Outlets
Gujarat	398
Rajasthan	635
Daman	02
Total	1035
Zone-VII South East	Number of Retail Outlets
Tamil Nadu	730
Pondicherry	33
Total	763
Zone-VIII South-West	Number of Retail Outlets
Kerala	454
Karnataka	494
Total	948

Zone-IX South Central	Number of Retail Outlets
A.P.	733
Chhattisgarh	142
Total	875

3.19 One of the zones so carved out and restructured will be Central East Zone covering the States of Bihar, Jharkhand and Madhya Pradesh and with 750 retail outlets. The zonal office for the proposed zone should be at Patna, considering its historical importance and desirability of the focus required to give impetus to the developmental activities in this backward region of the country. In due course the Ministry/HPCL could also considered to create an exclusive and separate zone for the North-East States presently having only 23 Retail Outlets for speedier development of these States and their eventual effective integration with the economy of the rest of the country.

3.20 In view of the foregoing, the Committee recommend that the existing zones may be restructured carving out a new zones including one Central East Zone with its headquarter at Patna. The Committee would like to be apprised of the action taken in the matter.

## CHAPTER IV

### REPRESENTATION FROM SHRI DHARMENDRA KUMAR SINGH OF DISTRICT SARAN, BIHAR REGARDING APPOINTMENT OF DISTRIBUTOR/ DEALER OF INDANE GAS BY IOCL

4.1 In his representation Shri Dharmendra Kumar Singh, resident of Village Lakath Chhapra, District Saran, stated that a LPG distributorship was allotted to Shri Raj Kishor Singh in the name of Shakuntala Gas Agency at Maharajganj in District Siwan, Bihar. The agency was cancelled by Indane Company on the basis of complaints received against the Agency for its involvement in black marketing of gas connections and other irregularities. The proprietor of the Gas Agency also appealed in the Patna High Court against the cancellation of Agency but the court did not give any relief to him. According to the petitioner, the proprietor of M/s. Shakuntala Gas Agency is now trying to re-start the Gas Agency by putting pressure on the Company through some influential people. The petitioner also stated that if the guilty persons like him were not punished on account of enjoying favours of high and mighty, the common man will lose faith in the judiciary and it will encourage guilty persons.

4.2 The petitioner, therefore, requested that the matter be enquired by the Committee.

4.3 The Committee took up the representation for examination in accordance with Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representation was forwarded to the Ministry of Petroleum and Natural Gas (MoP&NG) on 15th January, 2008 for furnishing their comments on the points raised in the representation.

4.4 In their response, the MoP&NG *vide* their communication dated 6th February, 2008 furnished the comments as under:-

"M/s. Shakuntala Gas Service commissioned at Maharajganj in 1996 under 'Open Category'.

A complaint was received by IOC against the distributorship, based on which Vigilance Department of IOC conducted an inspection in 2000 at the distributorship. Certain irregularities like over-charging in refill sales, non-issuance of cash memo, not giving cash and carry rebate and non-adherence to IOC's instructions pertaining to documentation, quality check, safety and storage etc. were recorded by the inspection team and based on the same the distributorship was terminated in November, 2001.

Aggrieved by IOC's action, the distributor filed a Court case challenging the grounds of termination but the Court dismissed the case with a directive to invoke the Arbitration clause of the Distributorship Agreement and the dispute

went under Arbitration. The Arbitrator after examining the matter made his award on 15-10-2004. In his award, the Arbitrator made the following decisions:—

- (i) Action should have been taken by IOC under the Marketing Discipline Guidelines (MDG) and not the Distributorship Agreement.
- (ii) That the termination is not in order and is illegal and invalid.

The Arbitrator however held that he could not make an award for restoration of the distributorship in view of the judgment of the Hon'ble Supreme Court in the case of IOC vs. Amritsar Gas Service.

IOC preferred to challenge the Award in respect of its allegation that the termination is not in order, illegal and invalid. A Misc. petition in this regard has been filed in Kolkata Court in January, 2005 which is *sub-judice*. The distributor also filed a Misc. Case at Patna against the Arbitration Award. However, as Patna Court had no jurisdiction in the matter, IOC has prayed to the Court for dismissal of the case.

On a VIP reference received in the Ministry the matter was examined and in view of the advice of the Ministry of Law in another related case, it was decided to refer the matter to IOC for placing the same before their Board of Directors for taking a decision.

Consequently, the matter was referred to IOC for placing the matter to IOC's Board for decision. IOC has reported that the distributorship was terminated based on an inspection of the distributorship carried out by a Vigilance Team of IOC on the basis of a VIP complaint. During inspection the following irregularities were established:—

- (i) Not giving cash and carry rebate of Rs. 5/-.
- (ii) Overcharging for refills at Rs. 210/- instead of the RSP of Rs. 207.82.
- (iii) Non-production of records.
- (iv) Non-issuance of Cash Memos to customers for issue of cylinders for new connection and for purchase of Hotplates.
- (v) Non-weighment of gas cylinders.
- (vi) Violation of norms of Corporation.

IOC has reported that as per MDG, the irregularity at Sl. No. (i) above is classified as major irregularity and irregularities at Sl. Nos. (ii), (iii) and (iv) of above, are classified as minor irregularities. Sl. No. (v) and (vi) do not form part of MDG but are part of the Corporation guidelines which are to be followed by distributorships.

IOC has also indicated in their agenda for the Board Meeting held on 28-12-2007 that the irregularities based on which the subject distributor was terminated would have constituted first major irregularity/minor irregularity for which levying a fine would have been the action against the distributor had the

present MDG-2001 been in vogue. The legal opinion obtained by IOC also opined for restoration of the distributorship. The legal opinion states that:—

The present case resulting in the award of the arbitrator presents a classic example where justice was clearly on the side of the aggrieved party whereas the technicalities of the law were against him. Even the arbitrator had no hesitation in coming to conclusion that on merits there was no justification at all in inflicting the punishment by way of termination.

In the circumstances substantial justice can be done in this case by reviewing the action taken against the distributor—which would no doubt be in keeping with good image of the corporation.

IOC has reported that the Board of Directors in its meeting held on 28-12-2007 have decided to refer the case to the Ministry for favourable consideration as the Board is not vested with the powers to revoke the termination of the subject distributorship. The matter is presently under consideration of the Government."

4.5 The Committee took oral evidence of the representatives of MoP&NG on 29th February, 2008. During the course of evidence, the Director (Marketing), IOCL submitted the details of the case as under:—

"In 1996 an open category was created and an vigilance inspection was undertaken in 2000. Irregularities were found in various areas viz. over-charging in re-fuel sales, non-issuance of cash memos. Not giving cash in carry rebate and non-adherence to the IOC instructions. On that basis they were terminated at that time. Thereafter, the distributors moved the court. The court ruled that for this they should go to the arbitration. The arbitrator said that action should have been taken by the IOC under MDG and not the distributorship agreement, the terminations is not in order, it is illegal and invalid. In the meantime, a VIP reference came into our Petroleum Ministry, the Ministry asked to put up the matter before the Board. That was put up before the Board. The Board went through the arbitration award and all other details. Thereafter, it took the decision that the case does not come under the purview of Board and therefore it may be referred to the Ministry. Thereafter, it was referred to the Ministry and at present it is under consideration of Ministry."

4.6 Explaining the position in this regard, the Additional Secretary, MoP&NG stated as under:—

"Sir, the matter is still under examination. I can only assure that as soon as a decision is taken, we will communicate it because this is a matter which has to go right upto the Hon'ble Minister."

4.7 When asked about the time by which it is likely be disposed off; the witness from MoP&NG stated as under:—

"Sir, within one month."

4.8 The Committee wanted to know that in the event of VIP petition, whether the Ministry would take action in violation of the rules? At this, witness from MoP&NG stated as under:—

"Sir, we only send it to the companies for their consideration, just like various petitions come from distinguished Members of Parliament, or may be the Chief Minister of the States. We have a particular system for examining the VIP references. As soon as a VIP reference is received, first of all it is acknowledged and the matter is examined. This was passed on to the Corporation."

4.9 The Committee asked as to whether the Company published any advertisement for fresh appointment during the last 7 years as the Agency was terminated in 2001. At this, the witness from IOCL stated as under:—

"We have published advertisement for new appointment recently on 17th October, 2007."

4.10 On being asked as to whether any advertisement was published for Maharajganj, the witness responded as under:—

"No sir, advertisement would be published at one go after formulating a marketing plan for all the locations on industry basis in India."

4.11 When the Committee pointed out that there was a vacancy after termination of Agency, then as to how the Maharajganj did not figure in the marketing Plan, the Executive Director (BSO), IOCL stated as under:—

"..... Sir, actually for finalizing the locations on all-India basis, it took us a lot of time because the selection procedure, as was based on our past experience, was very much vitiated. So, we had to undergo a change in the selection procedure".

4.12 Responding to the observation of the Committee that the Company took decision according to its whims and fancies, the witness stated as under:—

"There was an arbitration going up to 2004. In October, 2004, the arbitration award came. Then, one case was filed against the arbitration award by the terminated distributor and one by the IOC. Both these cases were pending, but there was no stay. That is the reason, we had plan to advertise 2004-06 Plan in this year, but that was advertised on 17th October and in August, this VIP reference came."

4.13 When the Committee asked as to why the advertisement for Maharajganj was not published, the witness from the MoP&NG stated as under:—

"Sir, I think you have an absolutely valid point that if the agency had been terminated and there was no court case pending, the agenda had to be started. The Ministry will look into this aspect of the case, namely, whether there was any judicial reason why they should not have advertised — we will get back to you — and whether there was pendency of a court case or a stay."

4.14 On being asked as to whether an alternative arrangement had been made for supply of gas to the consumer after termination of the Agency, the witness replied as under:—

"All the customers have been attached to another distributor in Siwan."

The witness further added:—

"Sir, there is a gas agency at a distance of 20 Km. The customers there are attached to that agency."

#### **Observations/Recommendations**

4.15 The Committee note from the submission of the petitioner namely Shri Dhamendra Kumar Singh that one Shri Raj Kishore Singh was allotted a LPG distributorship by IOCL at Maharajganj, district Saran, Bihar who had been running the same in the name of Shakuntala Gas Agency. This agency was cancelled as he was found involved in black marketing of gas connections and other irregularities. He went before the Patna High Court against the cancellation of his Agency but no relief was granted to him by the court. The petitioner has alleged that Shri Raj Kishore Singh has tried to re-start the Agency by putting pressure on the Company through some influential people.

4.16 The Committee were informed by the Ministry that M/s. Shakuntala Gas Service was commissioned at Maharajganj in 1996 under 'Open Category'. A complaint was received by the IOCL against the distributorship, based on which, vigilance department of IOCL conducted an inspection in 2000. During inspection, certain irregularities like over charging in refill sales, non-issuance of cash memo, not giving cash and carry rebate and non-adherence to IOCL's instructions pertaining to documentation, quality check, safety and storage etc. were recorded against the distributor and based on the said Report, the distributorship of the Agency was terminated in November, 2001. Aggrieved by the action of IOCL, the distributor went before the Patna High Court but the Court dismissed the case with a directive to invoke the Arbitration clause of the distributorship agreement and the dispute went under arbitration. The Arbitrator, after examining the matter, made his award on 15.10.2004. In his award, the Arbitrator said that the IOCL should have taken action under the Marketing Discipline Guidelines (MDG) and not under the distributorship agreement and accordingly, the termination of the Agency was not in order and the same was illegal and invalid but the Arbitrator could not make an award for restoration of the distributorship in view of the Judgement of Supreme Court in the case of IOCL vs Amritsar Gas Service. The IOCL preferred to challenge the award and filed a petition in Kolkata High Court in January, 2005 and since then this matter is subjudice. The distributor also filed a case at Patna High Court against the Arbitration Award. However, the IOCL prayed to the court for dismissal of the case as the Patna High Court had no jurisdiction in the matter. In the meantime, a VIP reference was received in MoP&NG and the Ministry asked the IOCL to place the matter before their Board of Directors for a decision. The IOCL indicated in their agenda for the Board meeting held on 28.12.2007 that the irregularities based on which the Agency was terminated would have constituted first major/minor irregularity for which levying a fine would have been the action against the distributor, had the present MDG-2001 been in vogue. The legal opinion obtained by IOCL in the matter also opined for restoration of the distributorship. However, the Board of Directors referred back the case to the Ministry for favourable consideration as the Board was not vested with powers to revoke the termination of the distributorship and the final decision of the Ministry was awaited.

4.17 It was also informed to the Committee that an advertisement was published for new appointment of distributorship for various locations in the country

on 17.10.2007 but the vacancy created as a result of termination of said Agency at Maharajganj has not been taken into account.

After termination of the said Agency, the customers of the location were transferred and attached to another Agency in Siwan which is 20 Km. away from the location at Maharajganj.

4.18 The Committee are constrained to observe the arbitrary approach of officials of IOCL in the matter relating to the termination of the distributorship of M/s. Shakuntala Gas Service, Maharajganj, Saran, Bihar. The Committee are extremely surprised that whereas in the year 2001, IOCL, terminated the distributorship of M/s. Shakuntala Gas Service on the basis of certain irregularities in the year 2005, they moved Kolkata High Court against the award of the Arbitrator who opined for restoration of the distributorship in the year 2007, the IOCL took divertically opposite view and forwarded the case to the Ministry for favourable consideration, since the Board of IOCL was not vested with power to restore a terminated distributorship. The Committee strongly deprecate the twists in the attitude of the IOCL, which happened after they received a VIP reference. Ironically, the IOCL decided to review the case in the light of MDG 2001, even though the termination pertained to the period prior to it and the fact that the matter was still being contested by them in Kolkata High Court. The Committee need not stress that the cases relating to a particular period should be reviewed in the light of the Rules/guidelines prevalent at the time, and therefore expect the Ministry to ensure strict adherence thereto.

4.19 The Committee also express their strong displeasure that though M/s. Shakuntala Gas Agency was terminated in 2001, the IOCL took no concrete action to provide proper alternative to the customers and the vacancy continues to remain unfilled till-date even after an elapse of almost 7 years. This has naturally caused great inconvenience and harassment to a large number of customers of the areas as they have to fetch the gas supply from another Agency which is 20 Kms. away from the existing location. The IOCL went for publication for an advertisement only on 17.10.2007 for new appointment of distributorship for various locations in the country but the Committee are surprised to note that even the said advertisement did not include the vacancy created due to termination of Agency at Maharajganj. The Committee regret to note that the Company did not make any objective assessment of all the locations in the country (including the vacant location at Maharajganj) for allotment/appointment of distributorship/dealership before publication of advertisement for the purpose.

4.20 The Committee, therefore, desire that, taking into consideration difficulties of the local people, the process for appointment of distributor/dealer for the location at Maharajganj may be initiated by issuing a fresh advertisement and the distributor/dealer for the said location may be appointed without further loss of time. The Committee would like to be apprised of the action taken in this regard within a period of one month.

NEW DELHI;  
18 March, 2008  

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28 Phalguna, 1929 (Saka)

PRABHUNATH SINGH,  
*Chairman,*  
*Committee on Petitions.*



MINUTES OF THE THIRTY-SIXTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, 18th April, 2006 from 1400 hrs. to 1700 hrs. in Committee Room No. 53, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh—*Chairman*

MEMBERS

2. Shri Nandkumar Singh Chauhan
3. Smt. Nivedita Mane
4. Adv. Suresh Kurup
5. Shri Baliram Kashyap
6. Shri Raj Babbar
7. Shri Vijoy Krishna
8. Mohd. Muqeem

SECRETARIAT

- |                     |   |                        |
|---------------------|---|------------------------|
| 1. Shri A.K. Singh  | — | <i>Director</i>        |
| 2. Shri U.B.S. Negi | — | <i>Under Secretary</i> |

SPECIAL INVITEE

1. Shri Rajiv Ranjan Singh 'Lalan', MP

WITNESS

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**Representatives of the Ministry of Petroleum and Natural Gas**

- |                          |   |                                   |
|--------------------------|---|-----------------------------------|
| 1. Shri M.S. Srinivasan  | — | Secretary                         |
| 2. Shri Anil Rajzan      | — | Additional Secretary              |
| 3. Shri Ajay Tyagi       | — | Joint Secretary                   |
| 4. Shri S. Behuria       | — | CMD, IOCL                         |
| 5. Shri N.G. Kannan      | — | Director (Marketing), IOCL        |
| 6. Shri S. Radhakrishnan | — | Director (Marketing), BPCL        |
| 7. Shri S.P. Chaudhry    | — | Executive Director (Detail), HPCL |

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(The witness of the Ministry of Civil Aviation then withdrew and thereafter, the representative of the Ministry of Petroleum and Natural Gas took their seats).

6. At the outset, the Chairman welcomed the representatives of the Ministry of Petroleum & Natural Gas and the representatives of Oil Companies and drew their attention to the Direction 55(1) of the Directions by the speaker regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which clearly stipulates that the Committee shall also meet as often as necessary to consider representations, letters, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposals.

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#### Case of Shri Ravi Kumar

The Committee were informed about the status of the case of the petitioner. The Committee also discussed about the matter regarding steps taken/to be taken by the oil company in case of any complaint is received before or after commissioning a RO.

The Committee directed that they may be informed about the investigation report in the matter.

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9. A copy of the verbatim proceedings of the sitting of the Committee was kept on record.

*The witnesses then withdrew.*

*The Committee then adjourned.*

MINUTES OF THE SEVENTY EIGHTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Friday, 29th February, 2008 from 1500 hours to  
1600 hours in Committee Room No. 62, First Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh — *Chairman*

MEMBERS

2. Shri N.S.V. Chitthan
3. Shri Mohan Jena
4. Shri C. Kuppusami
5. Adv. Suresh Kurup
6. Shri Dharmendra Pradhan
7. Shri Kunwar Jitin Prasad
8. Shri Kishan Singh Sangwan

SECRETARIAT

- |                     |   |                         |
|---------------------|---|-------------------------|
| 1. Shri A.K. Singh  | — | <i>Director</i>         |
| 2. Shri U.B.S. Negi | — | <i>Deputy Secretary</i> |
| 3. Shri V.P. Gupta  | — | <i>Under Secretary</i>  |

WITNESSES

**Ministry of Petroleum and Natural Gas**

- |                             |   |                      |
|-----------------------------|---|----------------------|
| 1. Shri S. Sundareshan      | — | Additional Secretary |
| 2. Shri D.N. Narasimha Raju | — | Joint Secretary      |
| 3. Shri Pramod Nangia       | — | Director             |
| 4. Shri Sanjay Gupta        | — | Deputy Secretary     |
| 5. Shri Lalchandama         | — | Under Secretary      |
| 6. Ms. Usha Bala            | — | Under Secretary      |

**Indian Oil Corporation Limited**

- |                     |   |                      |
|---------------------|---|----------------------|
| 1. Shri G. C. Daga  | — | Director (Marketing) |
| 2. Shri A.M.K.Sinha | — | ED (RS)              |

3.	Shri Mrinal Roy	—	ED (BSO)
4.	Shri A.N.Jha	—	GM.(BSO)
5.	Shri M.S. Shinde	—	Sr. Manager (RS)
6.	Shri Subrat Kar	—	SEA to Director (M)

**Bharat Petroleum Corporation Limited**

1.	Shri S. Radhakrishnan	—	Director (Marketing)
2.	Shri Pallav Ghosh	—	GM. (Retail)
3.	Shri Sharad Sharma	—	Dy. G.M. (LPG)
4.	Shri K. Sivakumar	—	Chief Manager (Retail)
5.	Shri A.K. Seth	—	Chief Manager (Coord.)

**Hindustan Petroleum Corporation Limited**

1.	Shri S. Roy Choudhury	—	Director (M)
2.	Ms. Pushap Joshi	—	GM. (HR)
3.	Shri H.R. Wate	—	GM. (HR)
4.	Shri S.K. Bhardwaj	—	Manager (Coord.)

SPECIAL INVITEE

Shri A.P. Abdulla Kutty, M.P.

2. At the outset, Chairman welcomed the representatives of the Ministry of Petroleum and Natural Gas and drew their attention to Direction 55 (1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings. The Chairman also drew attention to Direction 95 which clearly stipulates that the Committee shall also meet as often as necessary to consider representations, letters, telegrams from various individuals, associations etc. which are not covered by the rules relating to petitions and give directions for their disposals.

3. The Committee took oral evidence of the representatives of the Ministry of Petroleum and Natural Gas on the following representations:—

- (i) Representation received from Shri Ram Pravesh Rai, Patna. Bihar regarding opening of Zonal Office of Hindustan Petroleum Corporation in Patna, Bihar;
- (ii) Representation from Shri Dharmendra Kumar Singh of District Saran, Bihar regarding M/s. Shakuntala Gas Agency in Maharajganj cancelled by Indane Gas;
- (iii) Representation received from Shri V.P. Mohammed Ayub of Malapuram District, Kerala and forwarded by Shri A.P. Abdulla Kutty, MP requesting for vacation of premises under possession of Bharat Petroleum Corporation Limited;
- (iv) Representation received from Shri Ravi Kumar for commissioning of Ekma Fleet Operator Pump allotted by IOCL;

- (v) Representation received from Shri Tirath Ram Chauhan of Jalandhar alleging about misinterpretation of Government Policy by IBP in case of allotment of disputed COCOs to LOI holders;
- (vi) Review of the Action Taken Replies furnished by the Government/Oil Companies on the recommendations made by the Committee on Petitions in their 15th, 16th, 25th, 27th and 30th Reports of the Committee; and
- (vii) Representation from Shrimati Suprabha, village Shekhopur, District Sonapat requesting to enquire into irregularities in allotment of petrol pump at Gannau Railway Station, Haryana.

**I. Representation received from Shri Ram Pravesh Rai, Patna, Bihar regarding opening of Zonal Office of Hindustan Petroleum Corporation in Patna, Bihar.**

The following points/ issues were discussed by the Committee:-

- (i) Reasons for opening of Zonal Office of HPCL in Lucknow;
- (i) Details of supply locations/depots in U.P. and Bihar;
- (ii) Need to open more supply locations and zonal offices in Bihar keeping in view geographical and historical background.

**II. Representation from Shri Dharmendra Kumar Singh of District Saran, Bihar regarding M/s. Shakuntala Gas Agency in Maharajganj cancelled by Indane Gas.**

The following points/issues were discussed by the Committee:—

- (i) Details regarding the causes which led to the termination of M/s. Shakuntala Gas Agency in Maharajganj and the present status of the Gas Agency;
- (ii) Chalking out of Marketing Plan for various locations on all India basis and the reasons for excluding Maharajganj from the marketing plan.

**III. Representation received from Shri V.P. Mohammed Ayub of Malapuram District, Kerala and forwarded by Shri A.P. Abdulla Kutty, MP requesting for vacation of premises under possession of Bharat Petroleum Corporation Limited.**

The matter regarding vacation of the premises under possession of BPCL was discussed in detail during the study tour of the Committee at Mumbai and the authorities concerned sought four months time to settle the case, which has yet to be completed Hon'ble Member, Shri A.P. Abdulla Kutty who was the special invitee, who requested the Committee to intervene for amicable settlement. Thereafter, the Committee directed the concerned Oil Company to find out an alternative way out if the owner did not want to sell out his land, and to sort out the matter within four months as directed earlier.

**IV. Representation received from Shri Ravi Kumar for commissioning of Ekma Fleet Operator pump allotted by IOCL.**

The following points/issues were discussed by the Committee:-

- (i) Details regarding the causes which led to cancellation of LOI issued to the petitioner; and

(ii) Need to examine the matter regarding re-advertisement for the location in question.

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4. The Committee asked the witness to send the replies on points or demands which were not supplied or readily available with them during the evidence, within the stipulated period.

5. A copy of the verbatim proceedings of the sitting of the Committee was kept on record.

*The witnesses then withdrew.*

*The Committee then adjourned.*

MINUTES OF THE SEVENTY NINTH SITTING OF THE COMMITTEE ON  
PETITIONS (FOURTEENTH LOK SABHA)

The Committee on Petitions sat on Tuesday, the 18th March, 2008 from 1500 hours to 1530 hours in Chairman's Room No. 45(II) Ground Floor, Parliament House, New Delhi.

PRESENT

Shri Prabhunath Singh—*Chairman*

MEMBERS

2. Shri Shingada Damodar Barku
3. Shri N.S.V. Chitthan
4. Shri Mohan Jena
5. Shri Wangyuh W. Konyak
6. Adv. Suresh Kurup
7. Shri Dharmendra Pradhan
8. Shri Kishan Singh Sangwan
9. Shri Mansukhbhai Dhanjibhai Vasava

SECRETARIAT

- |                         |   |                            |
|-------------------------|---|----------------------------|
| 1. Shri P.K. Grover     | — | <i>Joint Secretary</i>     |
| 2. Shri A.K. Singh      | — | <i>Director</i>            |
| 3. Shri U.B.S. Negi     | — | <i>Deputy Secretary</i>    |
| 4. Shri H.R. Kamboj     | — | <i>Deputy Secretary-II</i> |
| 5. Shri V.P. Gupta      | — | <i>Under Secretary</i>     |
| 6. Smt. Jagriti Tewatia | — | <i>Committee Officer</i>   |

2. The Committee considered and adopted the following reports of the Committee with slight modifications:—

- (1) Thirty-seventh Report pertaining to Ministry of Chemicals and Fertilizers (Department of Chemicals and Petrochemicals) on the Petition from Shri Basudeb Acharia, MP requesting for payment of additional *ex-gratia* to 196 employees of IDPL in Central Dearness Allowance (CDA) scale at par with other employees.
- (2) Thirty-eighth Report pertaining to Ministries of Agriculture (Department of Agricultural Research and Education) and Railways.

- (3) Thirty-ninth Report pertaining to Ministries of Coal and Defence (Defence, Research and Development Organization).
- (4) Fortieth Report pertaining to Ministry of Petroleum and Natural Gas.

3. The Committee also authorised the Chairman to finalise and present the Reports to the House.

*The Committee then adjourned.*