

SECOND REPORT

STANDING COMMITTEE ON PETROLEUM & NATURAL GAS (2004-05)

(FOURTEENTH LOK SABHA)

PARALLEL MARKETING IN PETROLEUM PRODUCTS

MINISTRY OF PETROLEUM AND NATURAL GAS

[Action Taken by the Government on the recommendations contained in the Forty- Fifth Report(Thirteenth Lok Sabha) of the erstwhile Standing Committee on Petroleum & Chemicals (2003) on 'Parallel Marketing in Petroleum Products']

Presented to Lok Sabha on 22.12.2004

Laid in Rajya Sabha on 22.12.2004



LOK SABHA SECRETARIAT
NEW DELHI

December, 2004/Agrahayana, 1926(Saka)

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**COMPOSITION OF THE
STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2004-05)**

SHRI N. JANARDHANA REDDY- Chairman

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3. Shri B.D. Swan	-	<i>Under Secretary</i>
4. Smt. Reena M. Jacob	-	<i>Committee Officer</i>

INTRODUCTION

I, the Chairman, Standing Committee on Petroleum & Natural Gas (2004-05) having been authorised by the Committee to submit the Report on their behalf, present this Second Report on Action Taken by Government on the recommendations contained in the Forty-Fifth Report (Thirteenth Lok Sabha) of the erstwhile Standing Committee on Petroleum & Chemicals (2003) on 'Parallel Marketing in Petroleum Products'.

2. The Forty-Fifth Report of the erstwhile Standing Committee on Petroleum and Chemicals was presented to Lok Sabha on 22nd August, 2003. The Action Taken Replies of Government to all the recommendations contained in the Forty-Fifth Report were received on 8th October, 2004.

3. The Standing Committee on Petroleum & Natural Gas(2004-05) considered and adopted the Report at their sitting held on 20th December, 2004.

4. An analysis of the action taken by the Government on the recommendations contained in the Forty-Fifth Report (Thirteenth Lok Sabha) of the erstwhile Standing Committee on Petroleum and Chemicals is given in Appendix-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 officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI
December 21, 2004
Agrahayana 30, 1926 (Saka)

N. JANARDHANA REDDY,
Chairman,
Standing Committee on
Petroleum & Natural Gas.

CHAPTER – I

REPORT

This Report of the Standing Committee on Petroleum & Natural Gas deals with the action taken by the Government on the recommendations contained in the Forty-Fifth Report (Thirteenth Lok Sabha) of the erstwhile Standing Committee on Petroleum & Chemicals (2003) on 'Parallel Marketing in Petroleum Products' which was presented to Lok Sabha on 22nd August, 2003.

2. Action Taken Notes have been received from the Government in respect of all the 18 recommendations contained in the Report. These have been categorised as follows:-

- (i) Recommendations/observations which have been accepted by the Government:-
Sl. Nos. 1, 2, 3, 7, 8, 11 and 12
- (ii) Recommendations/observations which the Committee do not desire to pursue in view of the Government's replies:-
Sl. Nos. 10, 15 and 17
- (iii) Recommendations/observations in respect of which replies of the Government have not been accepted by the Committee:-
Sl. No. 9, 13, 14 and 16
- (iv) Recommendations/observations in respect of which final replies of the Government are still awaited:-
Sl. Nos. 4, 5, 6 and 18

3. **The Committee trust that utmost importance would be given to the implementation of the recommendations accepted by the Government. In cases, where it is not possible for the Ministry to implement the recommendations in their letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee further desire that the Action Taken Notes on the recommendations/observations contained in Chapter-I of this Report should be furnished expeditiously.**

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

A. UNAUTHORISED USE OF KEROSENE BY PARALLEL MARKETERS

Recommendation (Sl.No.1)

5. The Committee in their earlier Report had observed that the concept of parallel marketing was developed in 1992-93 when there was limited availability of foreign exchange with the Public Sector Oil Companies for the import of kerosene. Therefore, with a view to increase domestic availability of kerosene and to reduce the scope of its unauthorised diversion from Public Distribution System Government of India in April, 1993 introduced this concept. Under this scheme the private persons / agencies were allowed to import kerosene and market the same in domestic market through their own network at market determined prices. The position had since changed. The Country's position was strong as far as availability of foreign exchange was concerned. With increase in refining capacity in the country and availability of kerosene oil and also easy availability of LPG connections across the country the supply position of kerosene in the country had become very satisfactory. For the year 2002-03 the indigenous production of SKO was 10204 thousand metric tonnes against sales of 9686 TMT by OMCs. For the year 2003-04 also the indigenous SKO production was projected to be higher than the demand. It was an established fact that the imported kerosene was not only being used for the purpose for which it was meant but was also substantially being diverted for adulteration in diesel and also being substituted as transportation and power generating fuel. The Committee did not find any logic in continuing with the parallel marketing scheme for SKO. In view of the fact that indigenous production of kerosene matched with the demand, the Committee had recommended that the Government should seriously consider stopping the import of SKO.

6. In its Action Taken Note, the Government has informed as under:-

“In the context of overall liberalization process, instead of stopping the import of kerosene, the Ministry of Commerce and Industry has amended the Export Import Policy on 25.11.2003 and canalized kerosene imports through State Trading Enterprises. As per the amended Policy, kerosene imports are allowed through IOC, BPC, HPC and IBP for all purposes and STC for supplies to Advance Licence holders. However,

Advance Licence holders have the option of importing kerosene through IOC or BPC or HPC or IBP or STC. A copy of the Notification No. 24/(RE-2003)/2002-07 dated 25.11.2003 of the Department of Commerce in the Ministry of Commerce and Industry is enclosed. The Government have also allowed the Public sector Oil marketing companies to supply indigenously produced kerosene to genuine customers directly. With these measures, parallel marketers are not importing kerosene at present and the menace of diversion of imported kerosene by the parallel marketers for adulteration of diesel and/or for unauthorized usage has been more or less eliminated."

7. The Committee have been informed that the amendment in the Export Import Policy brought out on 25.11.2003 by the Ministry of Commerce and Industry and the canalization of kerosene imports through State Trading Enterprises have effectively dealt with the menace of diversion of imported kerosene by the parallel marketers for adulteration of diesel and/or for unauthorised usage. This is because the parallel marketers are not importing kerosene at present. According to the Government, the problem is more or less solved through this amendment of the EXIM Policy. But the Committee desire that all possible monitoring be done to ensure that a reversal of the situation doesn't occur due to some loophole in the Law.

B. TAXES & DUTIES ON PMS KEROSENE

Recommendations (Sl.Nos. 2&3)

8. The Government had reduced the customs duty on the imported kerosene from 35% to 20% w.e.f. from 1st April, 2002. The Committee did not find any rationale for this reduction. The Committee felt that the objective of importing kerosene was being defeated by diverting it for purposes for which it was not meant. The customs duty on indigenously produced high speed diesel was 20% and for kerosene, it was 10%. Besides this there was road cess of Re. 1 per litre on high speed diesel sales whereas Kerosene was left out of this cess. The delivery price of HSD thus went up in comparison to kerosene's price. The Committee had strongly recommended that the customs duty on imported kerosene should be restored to 35%.

9. The Committee had also noted that there was a big difference between the selling price of SKO and HSD ranging from Rs. 3.76 to Rs. 7.26 per litre. This wide difference was the basic cause of misuse of SKO. The Committee were of the opinion that this difference should be bridged. Apart from raising customs duty, the Committee recommended that the State Governments should impose sales tax to such an extent that the difference between rolling price of SKO and HSD was marginal. The Central Government should persuade such States and Union Territories for this purpose where imported kerosene was being traded on a large scale to take necessary steps in this direction.

10. Replying to these observations, the Ministry in its Action Taken Note has stated as under:-

“Ministry of Petroleum and Natural Gas had taken up the issue of raising customs duty on imported kerosene from 20% to 35%. Similarly, Ministry of Petroleum and Natural Gas had also taken up the issue of increasing the sales tax on PMS kerosene with the concerned State Governments. State Government of West Bengal have increased the sales tax on PMS kerosene from 7.5% to 20% with effect from 16.12.2002 while the State Government of Tamil Nadu have increased from 4% to 25% with effect from 22.3.2003. However, consequent upon amending the Exim Policy allowing kerosene imports through State Trading Enterprises and permitting the public sector oil marketing companies to supply indigenously produced kerosene to genuine customers directly, parallel marketers are at present not importing kerosene.”

11. The Committee find that the States of West Bengal and Tamil Nadu have increased the Sales Tax on PMS kerosene. However, the Committee desire the Government to persuade other States also, where the misdeeds of parallel marketers had assumed wider proportions, to enhance Sales Tax on PMS kerosene. They feel that though at present parallel marketers are not importing kerosene as a result of the EXIM policy amendment, it should not be a reason for not pursuing any other effective solution for the problem.

C. INTRODUCTION OF CHEMICAL MARKER IN PMS KEROSENE
Recommendation (Sl. No. 4)

12. Government through a notification had made it mandatory for the public sector oil companies to colour the kerosene blue meant for Public Distribution System (PDS). Imported kerosene was of white colour and could easily be mixed with diesel and even with petrol. The Committee were of the opinion that the Government should make it mandatory to colour the imported kerosene also with a colour different from blue which was meant for PDS.

13. The Ministry in its Action Taken Note has replied as under:-

“It may be informed that dyeing of PDS kerosene with blue colour was undertaken consequent upon introduction of parallel marketing scheme so as to distinguish PDS kerosene with parallel marketing or imported kerosene. As diesel is dark in colour and adulteration of it with coloured kerosene cannot be detected easily, introduction of just a colour in imported kerosene would not serve the purpose. Therefore, issue of introducing a chemical marker in potential adulterants including kerosene, whether imported or indigenous, is being examined.”

14. The Committee would urge that an early decision be taken on the issue of introducing a chemical marker in potential adulterants including kerosene, whether imported or indigenous. They would also like to be apprised of the decision taken in this regard.

D. COMPREHENSIVE ORDER REGULATING PARALLEL MARKETING
Recommendations (Sl. Nos. 5 & 6)

15. The sale of imported kerosene was being regulated through various notifications and Government orders such as Government of India's notification, dated 23rd April, 1993, and the Kerosene (Restriction on Use and Fixation of Ceiling Price) (Amendment) Order, 1998 dated 21st October, 1998. In between these two orders, there were six or seven Government orders/ notifications put in place to regulate the parallel marketing of kerosene. In addition to these orders, State Governments had also formulated their own regulations to regulate the

trade. The Committee felt that with multiplicity of notifications and orders the objective of regulation was becoming cumbersome and confusing. The enforcement agencies and the traders were interpreting these orders as per their convenience. Some of the State adjudicators had pronounced various judgements on these orders. The State Governments felt that these orders did not empower them adequately to deal with the traders in their States. The Committee felt that the Government should have a re-look at all these existing orders and issued a single comprehensive notification covering all aspects of regulation of this trade. They, therefore, had recommended that an expert study be undertaken to study judicial pronouncements and identify the lacunae in the existing orders with a view to formulating a single comprehensive order on this subject. This order should also empower the State Governments adequately to enable them to deal effectively with the traders violating its provisions.

16. The Committee had also observed that some of the States had apprised the Committee that they had sufficient authority in case of SKO distributed through PDS under Essential Commodities Act, 1955 (ECA) but in case of imported kerosene they had very limited powers to take suitable action against the defaulters. In some of the States namely, Tamil Nadu and Gujarat parallel marketers had gone to the courts and challenged the authority of the State Government in regulating their trade. The Committee were convinced that the State Governments had not been able to control the illegal parallel marketing of SKO under existing Essential Commodities Act. They were of the opinion that a separate legislation for regulating this trade was needed which should provide that such of the importers who violate the provisions of the Government regulations would be dealt with sternly. Under this legislation itself a provision should be incorporated declaring imported SKO as an essential commodity. The legislation should also define the role of central agencies including Public Sector Oil Companies in ensuring quality control of imported kerosene, inspection of records, seeking of information from parallel marketers etc. The Committee had therefore, recommended that the Central Government should appoint an expert committee to draft a separate legislation to deal with the importers and

distributors of imported SKO suitable safeguards should be provided to prevent its misuse as well as the consumers who used kerosene as transportation fuel.

17. The Ministry in its Action Taken Note has stated as under:-

“To facilitate private imports in line with the policy decision taken by the Government, Kerosene imports were de-canalized vide Notification No. 2(RE)/92-97 dated 28.4.1993 and private parties were allowed to market imported kerosene under parallel marketing scheme vide Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993 dated 02.02.1993. While the notification dated 28.4.1993 was issued by the Ministry of Commerce to amend the Exim Policy, the notification dated 2.9.1993 was issued by Ministry of Petroleum and Natural Gas to facilitate marketing of imported kerosene under parallel marketing scheme by private parties. Amendment Orders, such as the Kerosene (Restriction on Use and Fixation of Ceiling Price) (Amendment) Order, 1998 dated 21.10.1998, were issued by MOP&NG from time to time and included several provisions in the notification dated 2.9.2003 to (i) mandate obtaining of rating certificates by the parallel marketers, (ii) restrict sale or use of imported kerosene under parallel marketing scheme as fuel or additive to the fuel in automobile vehicles, (ii) mandate filing of end certificates by the parallel marketers from their industrial consumers and the customer-wise details with the State Government Civil Supplies departments, etc. As recommended by the Standing Committee, a comprehensive control order incorporating suitable provisions to empower the State Governments, in consultation with the concerned State Governments, is under process.”

18. With regard to strengthening the hands of State Governments and drafting a separate legislation to deal with parallel marketers of kerosene, the Ministry in its Action Taken Note has stated as under:-

“Kerosene as a petroleum product is covered under the Essential Commodities Act. Therefore, kerosene, whether indigenously produced or imported or whether distributed through public distribution system or parallel marketing scheme, comes under the purview of the Essential Commodities Act. Since parallel marketers could import and market kerosene as per market determined prices under the parallel marketing scheme, it is not correct to say that parallel marketing kerosene is not covered under the Essential commodities Act. However, suitable provisions in the proposed comprehensive kerosene control order would

be incorporated in consultation with the concerned State governments so that they would be able to regulate illegal activities of the parallel marketers.”

19. In order to streamline the existing laws for regulating the import and sale of petroleum products by parallel marketers, the Committee had desired formulation of a single comprehensive order incorporating all aspects on the regulation of this trade. The Committee find that as recommended by them a comprehensive control order incorporating suitable provisions to empower the State Governments in consultation with the concerned State Governments, is still under process. They, therefore, desire that the Government should expedite the process, thereby putting an end to all confusions and legal hassles. The Committee would like to be apprised in this regard.

E. FILING OF END USE CERTIFICATES

Recommendation (Sl.No. 9)

20. The parallel marketers were under obligation to file the End Use Certificates. The Committee had gathered the impression that this requirement was not being fulfilled in letter and spirit. State Governments had reported that they had to pressurise the parallel marketers to obtain these certificates. The Committee had desired that parallel marketers were mandated to file their End Use Certificates from the Industrial Consumers alongwith list of customers/copies of invoices on quarterly basis to Central Government, concerned State Governments and also to Director General, Anti-Adulteration Cell. Before renewing the licence, no objection certificate from these agencies should be made compulsory and imports of SKO should be channelised through PPAC.

21. The Ministry in its Action Taken Note has stated as under:-

“As per the provisions of the Kerosene (Regulation of Supply and Ceiling Price) (Amendment) Order, 1998, it is mandatory for the parallel marketers to file end use certificates from industrial consumers and furnish customer wise sales to the State Civil Supplies Authorities on a quarterly basis. The State Governments have to ensure compliance of the provisions of the control order and they could take action against those parallel marketers who do not comply with such provisions, under the Essential Commodities Act. Kerosene imports have already been canalized through State Trading Enterprises effective 25.11.2003.”

22. The Committee had recommended that parallel marketers should be required to file their End Use Certificates from the Industrial Consumers alongwith list of customers/copies of invoices on quarterly basis to Central Government, concerned State Governments and also to Director General, Anti-Adulteration Cell compulsorily. The Committee are constrained to observe that the Government instead of giving any specific reply have merely repeated the existing provisions. The Committee, therefore, reiterate their earlier recommendation.

F. ANTI-ADULTERATION CELL

Recommendation (SI.No.13)

23. The Committee had found that the Director General, Anti-Adulteration Cell (AAC) with his organisation in different places in the country was discharging its responsibility in checking the adulteration in petroleum products. The Committee had found that its performance in this regard was not satisfactory. One of the reasons for unsatisfactory performance was the inadequacy of staff and also the lack of powers. Director General, Anti-Adulteration Cell was dependent upon the State Government agencies for proceeding against the defaulters. As such, it had become an ineffective organisation. The Committee had recommended that Director General, Anti-Adulteration Cell and his office should be strengthened adequately and should have adequate independent legal powers to proceed

against the defaulters. For this purpose, the role of the Director General, AAC should be clearly defined in the new legislation recommended by the Committee.

24. To this, the Ministry in its Action Taken Note has informed as under:-

“Government has wound up the Anti Adulteration Cell (AAC) of this Ministry with effect from 31.7.2004.”

25. The Committee had recommended that Director General, Anti Adulteration Cell and his office should be strengthened adequately and should have independent legal powers to proceed against the defaulters. The Committee are constrained to note that instead of strengthening the organisation with more legal powers and officers with proven track record, the Government have wound up the Cell. The Committee have already expressed their displeasure in this regard in their First Report on Demands for Grants (2004-05). Considering the magnitude of the problem of adulteration of petroleum products and huge financial loss to the national exchequer, the Committee reiterate their earlier recommendation that Anti-Adulteration Cell may be revived and made functional forthwith.

G. RESTRICTION ON KEROSENE STORAGE AND DISPENSING SYSTEM ALONG THE HIGHWAYS.

Recommendation (Sl.No. 14)

26. Under the parallel marketing scheme the parallel marketers had the authority for developing their own infrastructure for storage and for appointing dealer network for marketing the product. There were no restrictions applicable to PMS-SKO dealers in respect of areas of operation. Some of the parallel marketing agents were reported to have installed underground tanks and

dispensing systems in the form of pumps on the highways for distribution of imported kerosene. The Committee had noted that the State Governments could not compel them to stop their trading activities on highways as the rules did not put any embargo on them on areas of operation as applicable to PDS - SKO dealers. The Committee had recommended that the Government through notification or if necessary through legislation should impose area restrictions on distribution network of parallel marketing. No parallel marketer or distributor dealing with the imported kerosene should have the right to establish underground tank and dispensing system within one kilometre of either side of highways.

27. To this, the Ministry in its Action Taken Note has stated as under:-

“As already explained, as per the provisions of the kerosene control order, no person can sell or use imported kerosene under parallel marketing scheme as fuel or additive to the fuel in automobile vehicles and the parallel marketers should file end use certificates from their industrial consumers and furnish customer-wise sales to the State Civil Supplies Authorities on a quarterly basis. While there is no restriction on the parallel marketers setting up of kerosene dispensing facilities along the highways, since parallel marketers would be violating the provisions of the control order by supplying kerosene to vehicles through such dispensing facilities, the State Governments could conduct raids and take action against them for non-compliance of the provisions of the control order.”

28. **While it is true that as per the provisions of the Kerosene Control Order, no person can sell or use imported kerosene under parallel marketing scheme as fuel or additive to the fuel in automobile vehicles, the Committee wish to emphasise that the chances of parallel marketing agents resorting to such practices get certainly enhanced, if there is no restriction by law on establishing underground tank and dispensing system.** The Committee, therefore, reiterate that provisions should be made through notification or legislation that no parallel marketer or distributor dealing with the imported kerosene has the right to establish underground tank and dispensing system within one kilometre of either side of highways.

H. USE OF KEROSENE IN POWER GENERATORS

Recommendation (Sl.No. 16)

29. The Committee had noted that imported kerosene oil was not only being used as transportation fuel but even some reputed firms manufacturing electric generating sets had been publicly advocating the use of kerosene in place of diesel for generating electricity. They publicised that the use of kerosene would reduce the operation cost of generating electricity. This was not only against the rules but also a cause of pollution of environment. The Committee had recommended that the Ministry of Petroleum & Natural Gas should take up the matter with the concerned authorities in the State Governments and the Union Territories for imposing ban on use of kerosene in the generating sets. The Ministry should endeavour to get a law passed that no manufacturer could make publicity, advocating use of kerosene in place of diesel in the generators.

30. The Ministry in its Action Taken Note has stated as under:-

“The Ministry of Environment and Forests vide the Environment (Protection) (Second Amendment) Rules, 1999 has notified the emission standards for generator sets upto 19 kilowatt capacity run on kerosene. The issue of using kerosene in DG sets has been examined in the Ministry of Petroleum and Natural Gas and it has been felt that while there is no restriction on use of parallel marketing kerosene or non-PDS kerosene in DG sets for generation of power, such use has to be governed by the prevailing policy/ provisions of the notifications issued by various other Ministries such as Ministry of Power, Ministry of Environment and Forests, etc.”

31. The Committee are not convinced with the plea of the Ministry of Petroleum and Natural Gas that the use of parallel marketing kerosene or non-PDS kerosene in Diesel Generator sets for generation of power has to be governed by the prevailing policy/ provisions of notifications issued by various other Ministries such as Ministry of Power, Ministry of Environment and Forests, etc., as there exists no restrictions on their use in DG sets. The environmental pollution caused by generators beyond 19 kilowatt capacity run on kerosene is a matter of grave concern. Further, publicising the use of kerosene in diesel generators is in a way encouraging pollution. Hence, the Committee strongly feel that a blanket

ban on the use of kerosene in diesel generators is a must and therefore, they reiterate their earlier recommendation that the Government should take up the matter with State Governments and Union Territories for imposing such a ban and should get a law passed that no manufacturer can indulge in publicly advocating the use of kerosene in diesel generators.

I. ISSUE OF LICENSES BY STATE CIVIL AUTHORITIES

Recommendation (Sl.No. 18)

32. The Committee had also noted that in some States civil authorities issued licenses to sell diesel in the rural areas of their states. Such licensees had been found indulging in adulteration of kerosene in diesel or in petrol. Although Central Government had been persuading the State Governments to ban this practice of parallel marketing yet this practice was continuing. The Committee had recommended that Central Government through notification should restrain the civil authorities from issuing such orders.

33. The Ministry in its Action Taken Note has stated as under:-

“As per the provisions of the MS/HSD control order, selling of diesel by the dealers of such companies other than those authorised by the Government is not permissible. Therefore, issue of licenses by the State Governments to petty dealers to sell diesel in the rural areas is not in accordance with the provisions of the MS/ HSD control order. Ministry of Petroleum and Natural Gas have been taking up this issue with the concerned State Governments from time to time. It will be once again taken up with the State Governments.”

34. The Committee observe that the Ministry of Petroleum and Natural Gas have been taking up with the State Governments the matter of State Civil Authorities issuing licenses to sell diesel in rural areas. They also find that such licenses which are not in accordance with the provisions of the MS/HSD Control Order provide a breeding ground for the adulterous practices by the parallel marketers. Therefore, the Committee desire the Government to take up the issue in right earnest once again with the State Governments and keep the Committee informed about the results.

CHAPTER II

RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl.No. 1)

The concept of parallel marketing was developed in 1992-93 when there was limited availability of foreign exchange with the Public Sector Oil Companies for the import of kerosene. Therefore, with a view to increase domestic availability of kerosene and to reduce the scope for its unauthorised diversion from Public Distribution System Government of India in April, 1993 introduced this concept. Under this scheme the private persons / agencies were allowed to import kerosene and market the same in domestic market through their own network at market determined prices. The position has since changed. The Country's position is strong as far as availability of foreign exchange is concerned. With increase in refining capacity in the country and availability of kerosene oil and also easy availability of LPG connections across the country the supply position of kerosene in the country has become very satisfactory. For the year 2002-03 the indigenous production of SKO was 10204 thousand metric tonnes against sales of 9686 TMT by OMCs. For the year 2003-04 also the indigenous SKO production is projected to be higher than the demand. It is now an established fact that the imported kerosene is not only being used for the purpose for which it is meant but is also substantially being diverted for adulteration in diesel and also being substituted as transportation and power generating fuel. The Committee do not find any logic in continuing with the parallel marketing scheme for SKO. In view of the fact that indigenous production of kerosene matches with the demand, the Committee recommend that the Government should seriously consider stopping the import of SKO. Till Government take a final decision on this recommendation, the Committee make the other recommendations in the succeeding paras to regulate the trade in imported SKO.

Reply of the Government

In the context of overall liberalization process, instead of stopping the import of kerosene, the Ministry of Commerce and Industry has amended the Export Import Policy on 25.11.2003 and canalized kerosene imports through State Trading Enterprises. As per the amended Policy, kerosene imports are allowed through IOC, BPC, HPC and IBP for all purposes and STC for supplies to Advance Licence holders. However, Advance Licence holders have the option of importing kerosene through IOC or BPC or HPC or IBP or STC. A copy of the Notification No. 24/(RE-2003)/2002-07 dated 25.11.2003 of the Department of Commerce in the Ministry of Commerce and Industry is enclosed. The Government have also allowed the Public sector Oil marketing companies to supply indigenously produced kerosene to genuine customers directly. With these measures, parallel marketers are not importing kerosene at present and the menace of diversion of imported kerosene by the parallel marketers for adulteration of diesel and/or for unauthorized usage has been more or less eliminated."

{M/o Petroleum and Natural Gas,
(O.M. No.P-38012/10/2003- Dist. Dated 8.10.2004)

Comments of the Committee (Please see Para No. 7 of Chapter I of the Report)

Recommendation (Sl.Nos. 2)

The Government have reduced the customs duty on the imported kerosene from 35% to 20% w.e.f. from 1st April, 2002. The Committee do not find any rationale for this reduction. The Committee feel that the objective of importing kerosene is being defeated by diverting it for purposes for which it is not meant. The customs duty on indigenously produced high speed diesel is 20% and for kerosene, it is 10%. Besides this there is road cess of Re. 1 per litre on high speed diesel sales whereas Kerosene is left out of this cess. The delivery price of HSD thus goes up in comparison to kerosene's price. The Committee strongly recommend that the customs duty on imported kerosene should be restored to 35%.

(Recommendation SI. No. 3)

The Committee find that there is a big difference between the selling price of SKO and HSD ranging from Rs. 3.76 to Rs. 7.26 per litre. This wide difference is the basic cause of misuse of SKO. The Committee are of the opinion that this difference should be bridged. Apart from raising customs duty, the Committee recommend that the State Governments should impose sales tax to such an extent that the difference between rolling price of SKO and HSD is marginal. The Central Government should persuade such States and Union Territories for this purpose where imported kerosene is traded on a large scale to take necessary steps in this direction.

Reply of the Government

Ministry of Petroleum and Natural Gas had taken up the issue of raising customs duty on imported kerosene from 20% to 35%. Similarly, Ministry of Petroleum and Natural Gas had also taken up the issue of increasing the sales tax on PMS kerosene with the concerned State Governments. State Government of West Bengal have increased the sales tax on PMS kerosene from 7.5% to 20% with effect from 16.12.2002 while the State Government of Tamil Nadu have increased from 4% to 25% with effect from 22.3.2003. However, consequent upon amending the Exim Policy allowing kerosene imports through State Trading Enterprises and permitting the public sector oil marketing companies to supply indigenously produced kerosene to genuine customers directly, parallel marketers are at present not importing kerosene.

{M/o Petroleum and Natural Gas,

{M/o Petroleum & Natural Gas,
O.M. No. P-38012/10/2003 – Dist dated 8.10.2004}

Comments of the Committee
(Please see Para No. 11 of Chapter I of the Report)

Recommendation (Sl.No. 7)

The Committee have learnt that at present the parallel marketers obtain Government of India's permission for importing kerosene and they do not come under the purview of State Government orders for regulating their trade. The importers of free sale SKO appoint their sub-dealers and these sub-dealers are not required to be licensed in some States. The Committee feel that the objective of regulating the trade would be served well if the State Governments are also associated in matters like licensing the importers and distributors. For this purpose the importer should be required to obtain licenses from the State Governments for selling their commodity in the States where they operate. No unlicensed seller should be allowed to deal in the sale of kerosene. The State Governments should formulate their regulations for licensing the sub-dealers.

Reply of the Government

It may be clarified that the parallel marketers did not obtain any permission from Ministry of Petroleum and Natural Gas for importing kerosene. Suitable provisions in the proposed comprehensive kerosene control order would be incorporated in consultation with the concerned State Governments so that they would be able to regulate the parallel marketing trade and prevent diversion of parallel marketing kerosene for adulteration of petrol/ diesel or for unauthorized usage.

M/o Petroleum and Natural Gas,
(O.M.No.P-38012/10/2003-Dist dated 8.10.2004)

Recommendation (Sl.No. 8)

As per the existing orders parallel marketers have to submit a monthly return before the 15th day of following month giving details of kerosene imported port-wise to the Central Government in the Ministry of Petroleum & Natural Gas. The Committee have the impression that this procedure of submission of monthly details has become a ritual only and Central Government are not

monitoring follow up action effectively. The Committee, therefore, recommend that it should be made mandatory for the parallel marketers to submit monthly returns regularly to the Central Government as well as to State Governments and other agencies listed by the Central Government .

Reply of the Government

Necessary provision would be incorporated in the proposed comprehensive kerosene control order making it mandatory for the parallel marketers to submit monthly returns to the State Governments also.

{M/o Petroleum and Natural Gas,
(O.M. No.P-38012/10/2003- Dist. Dated 8.10.2004)}

Recommendation (Sl.No.11)

The Committee note that some importers with a view to evade the local taxes manipulate their import documents in a way that they do not fall into the State's tax network where the product is imported. For instance, when a petroleum product is imported at Mangalore Port, on paper it is shown as meant for transportation for destinations in Maharashtra and Pondichery across the borders of Karnataka. However, in reality this product does not reach these places and is traded/dumped en route in various places in Karnataka itself. Similarly, if a product is unloaded at a Port in Gujarat, on documents it is shown as being transported to other States for sale outside Gujarat . It becomes virtually impossible for States to check each and every consignment. The Committee recommend that there should be a system to check this sort of menace. The system should provide that the moment some product is unloaded at a port, the concerned State should issue transit pass to the importer if the product is to leave for some other State. This transit pass should be surrendered at the border when the consignment leaves the State.

Reply of the Government

Suitable provisions would be incorporated in the proposed comprehensive control order to take care of such kind of mischief by the parallel marketers. However, it would not be possible to control this menace without proper vigil by the State Government machinery.

{M/o Petroleum and Natural Gas,
(O.M. No.P-38012/10/2003- Dist. Dated 8.10.2004)

Recommendation(Sl. No. 12)

State Governments have apprised the Committee that they do not have a systematic and structured channel to receive the information from the Government of India regarding the new entrants in the field of import of petroleum products. Similarly, they are not even aware of the protracted contracts between the parallel marketers and the Central Government regarding quantum of import and other related issues in this regard. Importers refuse to provide the information sought by the State Governments on the plea that they do not have any jurisdiction over them in this matter. State Governments want that there should be regular exchange of information between the Central and the State Governments on the issues concerning the State Governments in the matter of parallel marketing and the State Government should have statutory powers to seek information from the importers and distributors. They should have access to the documents maintained by importers and the distributors and should have the right to seize and seal these documents and stocks in case of default. The Committee feel that they have a valid point in their suggestion. The Committee, therefore, recommend that a formal system should be established between the Central Government and the State Governments through which all relevant information relating to import and distribution of imported kerosene be exchanged. Regarding empowerment of the State Governments to have access to the document and deal with the defaulters effectively, the Committee are aware that provisions in the existing notifications exist but are vague. The

Committee have already recommended that a new legislation is needed to deal with the menace of parallel marketing effectively and in the new legislation the demand of State Government for empowering them suitably can be taken care of.

Reply of the Government

It may be clarified that parallel marketers do not require any licence from the Central Government for import of kerosene under parallel marketing scheme and there are no contracts between parallel marketers and Ministry of Petroleum and Natural Gas regarding quantum of import. Further, under the provisions of the kerosene control order, State Governments are already empowered with power of search and seizure of documents. As stated earlier, a comprehensive control order would be issued duly incorporating suitable provisions in consultation with the concerned State Governments so that they would be able to regulate the parallel marketing trade effectively.

{M/o Petroleum and Natural Gas,
(O.M. No.P-38012/10/2003- Dist. Dated 8.10.2004)}

CHAPTER III

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

Recommendation (Sl.No. 10)

As per the existing definition of parallel marketing, Government Oil Companies cannot do the business of parallel marketing of indigenous kerosene. The Committee recommend that the Public Sector Oil Companies should also be allowed to import SKO and trade it in the country and compete with the parallel marketers. Public Sector Oil Companies can provide necessary safeguards to ensure that end use is limited to industrial and commercial consumers in the desired sectors.

Reply of the Government

In view of surplus indigenous production capacity, Ministry of Petroleum and Natural Gas have exempted the Public Sector Oil marketing companies from the provisions of parallel marketing in the kerosene control order and allowed them to meet the requirements of genuine customers directly from the indigenous surplus production. In order to ensure that kerosene marketed by the Public Sector Oil marketing companies is not diverted for adulteration or for use in automobiles, suitable provisions have also been incorporated in the control order.

{M/o Petroleum and Natural Gas
O.M. No.P-38012/10/2003 – Dist dated 8.10.2004}

Recommendation (SI.No.15)

The Committee note that neither the State Governments nor the Central Government have put in place any system to check the quality of imported kerosene at the ports. It is left entirely to the importers to import the kerosene as per the BIS specifications. The Committee recommend that Oil Companies should be authorised to collect samples of imported kerosene at the ports and from any other place being used as storage infrastructure and get these samples tested to ensure its quality and take action against the defaulters.

Reply of the Government

Customs officials could collect samples and get them tested to ascertain whether the parallel marketers has declared the product correctly for the purpose of assessment of duty. Further, State Governments could also collect samples to ensure compliance of the provisions of the control order. It would not be feasible for oil companies to collect and the samples tested.

{M/o Petroleum and Natural Gas,
(O.M.No.P-38012/10/2003 – Dist. Dated 8.10.2004)

Recommendation (S.No. 17)

The Ministry of Petroleum & Natural Gas has apprised the Committee that during the last 3 years a very small quantity of kerosene was imported. It has furnished the following data in this regard.

<u>Period</u>	<u>Quantity (Figs in TMTs)</u>
2000-01	308
2001-02	301
2002-03	698
2003-04(Apr-May)	120

As against this data, the representative of Government of Kerala during evidence informed the Committee that about 30,000 metric tonnes of kerosene oil is being imported every month through Kochin Port only. The Committee gather the impression that the Ministry of Petroleum & Natural Gas does not have the perspectives of quantum of illegal import of kerosene oil in the country. They feel that the concerned official agencies charged with regulating the import of kerosene are not functioning in coordination with one another.

Besides, illegal marketing of kerosene is not only having adverse impact on sale of diesel resulting in revenue losses but also causing environmental pollution. The Committee recommend that in all the coastal States of the country a Cell should be constituted to look into various implications of the illegal sale of imported kerosene. This Cell should consist of representatives of Revenue Department, Pollution Control Board, Civil Supplies, Transport Department, Anti-Adulteration Cell, Police and the Oil Companies. Its job should be to monitor implementation of orders right from the time the petroleum product is unloaded at the port and is delivered to the end consumer. Monthly return of the importers being filed to the Ministry should be routed through this Cell. The Cell should also have the powers to undertake surprise raids and book persons violating any provision of the existing laws relating to evasion of tax or polluting the environment, etc.

Reply of the Government

Consequent upon amendment to the Exim Policy dated 25.11.2003, kerosene imports are allowed only through IOC, BPC, HPC and IBP for all purposes and STC for supplies to Advance Licence holders. Further, it is being considered to issue a comprehensive kerosene control order including suitable provisions in consultation with the concerned State Governments to increase the powers of State Governments in the field of parallel marketing of SKO. With these measures, Ministry of Petroleum and Natural Gas is of the opinion that the State Governments would be able to regulate the activities of the parallel marketers effectively without the necessity of and that constituting of a Cell.

CHAPTER IV

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

Recommendation (Sl.No. 9)

The parallel marketers are under obligation to file the End Use Certificates. The Committee have gathered the impression that this requirement is not being fulfilled in letter and spirit. State Governments have reported that they have to pressurise the parallel marketers to obtain these certificates. The Committee have desired that parallel marketers are mandated to file their End Use Certificates from the Industrial Consumers alongwith list of customers/copies of invoices on quarterly basis to Central Government, concerned State Governments and also to Director General, Anti-Adulteration Cell. Before renewing the licence, no objection certificate from these agencies should be made compulsory and imports of SKO should be channelised through PPAC.

Reply of the Government

As per the provisions of the Kerosene (Regulation of Supply and Ceiling Price) (Amendment) Order, 1998, it is mandatory for the parallel marketers to file end use certificates from industrial consumers and furnish customer wise sales to the State Civil Supplies Authorities on a quarterly basis. The State Governments have to ensure compliance of the provisions of the control order and they could take action against those parallel marketers who do not comply with such provisions, under the Essential Commodities Act. Kerosene imports have already been canalized through State Trading Enterprises effective 25.11.2003.

(Ministry of Petroleum & Natural Gas O.M No.P-38012/10/2003
Dist .dtd 08.10.04)

Comments of the Committee
(Please see Para No. 22 of Chapter I of the Report)

Recommendation (SI.No.13)

The Committee find that the Director General, Anti-Adulteration Cell (AAC) with his organisation in different places in the country is discharging its responsibility in checking the adulteration in petroleum products. The Committee however find that its performance in this regard is not satisfactory. One of the reasons for unsatisfactory performance is the inadequacy of staff and also the lack of powers. Director General, Anti-Adulteration Cell is dependent upon the State Government agencies for proceeding against the defaulters. As such, it has become an ineffective organisation. The Committee recommend that Director General, Anti-Adulteration Cell and his office should be strengthened adequately and should have adequate independent legal powers to proceed against the defaulters. For this purpose, the role of the Director General, AAC should be clearly defined in the new legislation recommended by the Committee.

Reply of the Government

Government has wound up the Anti Adulteration Cell (AAC) of this Ministry with effect from 31.7.2004.

(Ministry of Petroleum & Natural Gas O.M No.P-38012/10/2003
Dist .dtd 08.10.04)

Comments of the Committee (Please see Para No. 25 of Chapter I of the Report)

Recommendation (SI.No. 14)

Under the parallel marketing scheme the parallel marketers have the authority for developing their own infrastructure for storage and for appointing dealer network for marketing the product. There are no restrictions applicable to PMS-SKO dealers in respect of areas of operation. Some of the parallel marketing agents are reported to have installed underground tanks and dispensing systems in the form of pumps on the highways for distribution of

imported kerosene. The Committee have noted that the State Governments cannot compel them to stop their trading activities on highways as the rules do not put any embargo on them on areas of operation as applicable to PDS - SKO dealers. The Committee had recommended that the Government through notification or if necessary through legislation should impose area restrictions on distribution network of parallel marketing. No parallel marketer or distributor dealing with the imported kerosene should have the right to establish underground tank and dispensing system within one kilometre of either side of highways.

Reply of the Government

As already explained, as per the provisions of the kerosene control order, no person can sell or use imported kerosene under parallel marketing scheme as fuel or additive to the fuel in automobile vehicles and the parallel marketers should file end use certificates from their industrial consumers and furnish customer-wise sales to the State Civil Supplies Authorities on a quarterly basis. While there is no restriction on the parallel marketers setting up of kerosene dispensing facilities along the highways, since parallel marketers would be violating the provisions of the control order by supplying kerosene to vehicles through such dispensing facilities, the State Governments could conduct raids and take action against them for non-compliance of the provisions of the control order.

(Ministry of Petroleum & Natural Gas O.M No.P-38012/10/2003
Dist .dtd 08.10.04)

Comments of the Committee (Please see Para No. 28 of Chapter I of the Report)

Recommendation (Sl.No. 16)

The Committee note that imported kerosene oil is not only being used as transportation fuel but even some reputed firms manufacturing electric generating sets publicly advocate the use of kerosene in place of diesel for

generating electricity. They publicise that the use of kerosene will reduce the operation cost of generating electricity. This is not only against the rules but also a cause of pollution of environment. The Committee recommend that the Ministry of Petroleum & Natural Gas should take up the matter with the concerned authorities in the State Governments and the Union Territories for imposing ban on use of kerosene in the generating sets. The Ministry should endeavour to get a law passed that no manufacturer can make publicity advocating use of kerosene in place of diesel in the generators.

Reply of the Government

The Ministry of Environment and Forests vide the Environment (Protection) (Second Amendment) Rules, 1999 has notified the emission standards for generator sets upto 19 kilowatt capacity run on kerosene. The issue of using kerosene in DG sets has been examined in the Ministry of Petroleum and Natural Gas and it has been felt that while there is no restriction on use of parallel marketing kerosene or non-PDS kerosene in DG sets for generation of power, such use has to be governed by the prevailing policy/provisions of the notifications issued by various other Ministries such as Ministry of Power, Ministry of Environment and Forests, etc.

{M/o of Petroleum and Natural Gas,
O.M. No.P-38012/10/2003- Dist dated 8.10.2004}

Comments of the Committee

(Please see Para No. 31 of Chapter I of the Report)

CHAPTER V**RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED****Recommendation (Sl.No. 4)**

Government through a notification have made it mandatory for the public sector oil companies to colour the kerosene blue meant for Public Distribution System (PDS). Imported kerosene is of white colour and can easily be mixed with diesel and even with petrol. The Committee are of the opinion that the Government should make it mandatory to colour the imported kerosene also with a colour different from blue which is meant for PDS.

Reply of the Government

It may be informed that dyeing of PDS kerosene with blue colour was undertaken consequent upon introduction of parallel marketing scheme so as to distinguish PDS kerosene with parallel marketing or imported kerosene. As diesel is dark in colour and adulteration of it with coloured kerosene cannot be detected easily, introduction of just a colour in imported kerosene would not serve the purpose. Therefore, issue of introducing a chemical marker in potential adulterants including kerosene, whether imported or indigenous, is being examined.

{M/o Petroleum and Natural Gas,
O.M. No.P-39012/10/2003 – Dist. Dated 8.10.2004}

Comments of the Committee
(Please see Para No. 14 of Chapter I of the Report)

Recommendation (Sl.No. 5)

The sale of imported kerosene is being regulated through various notifications and Government orders such as Government of India's notification, dated 23rd April, 1993, the Kerosene (Restriction on Use and Fixation of Ceiling Price) (Amendment) Order, 1998 dated 21st October, 1998. In between these two orders, there are six or seven Government orders / notifications put in place to regulate the parallel marketing of kerosene. In addition to these orders, State Governments have also formulated their own regulations to regulate the trade. The Committee feel that with multiplicity of notifications and orders the objective of regulation is becoming cumbersome and confusing. The enforcement agencies and the traders are interpreting these orders as per their convenience. Some of the State adjudicators have pronounced various judgments on these orders. The State Governments feel that these orders do not empower them adequately to deal with the traders in their States. The Committee feel that the Government should have a re-look at all these existing orders and issue a single comprehensive notification covering all aspects of regulation of this trade. They, therefore, recommend that an expert study be undertaken to study judicial pronouncements and identify the lacunae in the existing orders with a view to formulating a single comprehensive order on this subject. This order should also empower the State Governments adequately to enable them to deal effectively with the traders violating its provisions.

Reply of the Government

To facilitate private imports in line with the policy decision taken by the Government, Kerosene imports were de-canalized vide Notification No. 2(RE)/92-97 dated 28.4.1993 and private parties were allowed to market imported kerosene under parallel marketing scheme vide Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993 dated 02.02.1993. While the notification dated 28.4.1993 was issued by the Ministry of Commerce to amend the Exim Policy, the notification dated 2.9.1993 was issued by Ministry of Petroleum and Natural Gas to facilitate marketing of imported kerosene under

parallel marketing scheme by private parties. Amendment Orders, such as the Kerosene (Restriction on Use and Fixation of Ceiling Price) (Amendment) Order, 1998 dated 21.10.1998, were issued by MOP&NG from time to time and included several provisions in the notification dated 2.9.2003 to (i) mandate obtaining of rating certificates by the parallel marketers, (ii) restrict sale or use of imported kerosene under parallel marketing scheme as fuel or additive to the fuel in automobile vehicles, (ii) mandate filing of end certificates by the parallel marketers from their industrial consumers and the customer-wise details with the State Government Civil Supplies departments, etc. As recommended by the Standing Committee, a comprehensive control order incorporating suitable provisions to empower the State Governments, in consultation with the concerned State Governments, is under process.

{M/o Petroleum & Natural Gas,
O.M. No. P-38012/10/2003 – Dist dated 8.10.2004}

Comments of the Committee
(Please see Para No. 19 of Chapter I of the Report)

Recommendation(Sl. No. 6)

Some of the States have apprised the Committee that they have sufficient authority in case of SKO distributed through PDS under Essential Commodities Act, 1955 (ECA) but in case of imported kerosene they have very limited powers to take suitable action against the defaulters. In some of the States namely, Tamil Nadu and Gujarat parallel marketers have gone to the courts and challenged the authority of the State Government in regulating their trade. The Committee are convinced that the State Governments have not been able to control the illegal parallel marketing of SKO under existing Essential Commodities Act. is needed which should provide that such of the importers who violate the provisions of the Government regulations would be dealt with sternly. Under this legislation itself a provision should be incorporated declaring imported SKO as an essential commodity. The legislation should also define the

role of central agencies including Public Sector Oil Companies in ensuring quality control of imported kerosene, inspection of records, seeking of information from parallel marketers etc. The Committee therefore, recommend that the Central Government should appoint an expert committee to draft a separate legislation to deal with the importers and distributors of imported SKO suitable safeguards should be provided to prevent its misuse as well as the consumers who use kerosene as transportation fuel.

(Reply of Government)

Kerosene as a petroleum product is covered under the Essential Commodities Act. Therefore, kerosene, whether indigenously produced or imported or whether distributed through public distribution system or parallel marketing scheme, comes under the purview of the Essential Commodities Act. Since parallel marketers could import and market kerosene as per market determined prices under the parallel marketing scheme, it is not correct to say that parallel marketing kerosene is not covered under the Essential commodities Act. However, suitable provisions in the proposed comprehensive kerosene control order would be incorporated in consultation with the concerned State governments so that they would be able to regulate illegal activities of the parallel marketers.

{M/o Petroleum & Natural Gas,
O.M. No. P-38012/10/2003 – Dist dated 8.10.2004}

Comments of the Committee
(Please see Para No.19 of Chapter I of the Report)

Recommendation Sl.No. 18

The Committee have also noted that in some States civil authorities issue licenses to sell diesel in the rural areas of their states. Such licensees have been found indulging in adulteration of kerosene in diesel or in petrol. Although Central Government have been persuading the State Governments to ban this practice of parallel marketing yet this practice is continuing. The Committee

recommended that Central Government through notification should restrain the civil authorities from issuing such orders.

Reply of the Government

As per the provisions of the MS/HSD control order, selling of diesel by the dealers of such companies other than those authorised by the Government is not permissible. Therefore, issue of licences by the State Governments to petty dealers to sell diesel in the rural areas is not in accordance with the provisions of the MS/ HSD control order. Ministry of Petroleum and Natural Gas have been taking up this issue with the concerned State Governments from time to time. It will be once again taken up with the State Governments.

{M/o Petroleum & Natural Gas,
O.M. No. P-38012/10/2003 – Dist dated 8.10.2004}

Comments of the Committee
(Please see Para No. 34 of Chapter I of the Report)

NEW DELHI,
December 21, 2004
Agrahayana 30, 1926 (Saka)

N. JANARDHANA REDDY,
Chairman,
Standing Committee on
Petroleum & Natural Gas.

APPENDIX-I**MINUTES****STANDING COMMITTEE ON PETROLEUM & NATURAL GAS
(2004-05)****EIGHTH SITTING
(20.12.2004)**

The Committee sat from 1500 hrs. to 1530 hrs.

PRESENT

Shri N. Janardhana Reddy - Chairman

**MEMBERS
LOK SABHA**

2. Shri Anandrao Vithoba Adsul
3. Dr. Rattan Singh Ajnala
4. Shri Tushar A. Choudhary
5. Shri Santosh Kumar Gangwar
6. Shri Jai Prakash
7. Shri Laxman Singh
8. Shri Vanlalzawma
9. Shri Ratilal Kalidas Varma
10. Shri A.K.S. Vijayan

RAJYA SABHA

11. Shri Rajeev Shukla
12. Shri Dipankar Mukherjee

SECRETARIAT

1. Shri P.K. Grover - Director
2. Shri B.D. Swan - Under Secretary
3. Shri P.C. Tripathy - Assistant Director

2. The Committee took up for consideration the following draft Reports and adopted the same:-

(i) Second Report on Action Taken by the Government on the Recommendations contained in the Forty-Fifth Report (Thirteenth Lok Sabha) of the erstwhile Standing Committee on Petroleum & Chemicals (2003) on the subject 'Parallel Marketing in Petroleum Products'; and

(ii) ** ** ** ** ** ** ** ** ** **
 ** ** ** ** ** ** ** ** ** **

3. The Committee authorised the Chairman to make consequential changes, if any, arising out of the factual verification of the Reports by the Ministry and present the same to both the Houses of Parliament in the current Session.

The Committee then adjourned.

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

Appendix – II

(Vide Para 4 of the Introduction)

Analysis of Action Taken by Government on the recommendations contained in the Forty-Fifth Report (13th Lok Sabha) of the erstwhile Standing Committee on Petroleum & Chemicals (2003) on ‘Parallel Marketing in Petroleum Products’

I	Total No. of Recommendations	18
II	Recommendations which have been accepted by the Government (Vide Recommendations at Sl. Nos. 1, 2, 3, 7, 8, 11 and 12)	7
III	Percentage to Total Recommendations which the Committee do not desire to pursue in view of Government’s Reply (Vide Recommendations at Sl. Nos. 10, 15 and 17)	38.89%
IV	Percentage of Total Recommendations in respect of which replies of the Government have not been accepted by the Committee (Vide Recommendations at Sl. Nos. 9, 13, 14 and 16)	16.67%
V	Percentage of Total Recommendations in respect of which final replies of the Government are still awaited (Vide Recommendations at Sl. Nos. 4, 5, 6 and 18) Percentage of Total	22.22%