

**SCTC NO. 727**

**COMMITTEE ON THE WELFARE OF  
SCHEDULED CASTES AND  
SCHEDULED TRIBES  
(2009-2010)**

**(FIFTEENTH LOK SABHA)**

**FOURTH REPORT**

**ON**

**MINISTRY OF PETROLEUM AND NATURAL GAS**

**Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies**

**Presented to Lok Sabha on 11.03.2010**

**Laid in Rajya Sabha on 10.03.2010**



**LOK SABHA SECRETARIAT**

**NEW DELHI**

**March, 2010/Phalgun, 1931 (Saka)**

## CONTENTS

	Page Nos.
<b>COMPOSITIN OF THE COMMITTEE.....</b>	(iii)
<b>INTRODUCTION.....</b>	(V)
<b>CHAPTER – I INTRODUCTORY</b>	
A. Background Note.....	1
B. Ministry vis-à-vis Oil Marketing Companies (OMCs).....	2
<b>CHAPTER – II RESERVATION AND SELECTION OF RETAIL OUTLETS DEALERSHIPS/LPG DISTRIBUTORSHIPS</b>	
A. Reservation in Allotment.....	5
B. Selection of locations/sites.....	7
C. Selection Board.....	13
D. Selection of RO Dealerships/LPG Distributorships.....	15
E. Period of allotment.....	19
F. R.O. Dealership/LPG Dealership Allotted to SCs/STs.....	21
<b>CHAPTER – III ASSISTANCE GIVEN TO SCHEDULED CASTES AND SCHEDULED TRIBES</b>	
A. Relaxations/concessions given to SCs/STs.....	29
B. Financial Assistance.....	30
<b>CHAPTER – IV MISCELLANEOUS</b>	
A. Termination/Revival of Dealerships and Distributorships.....	35
B. Maintenance of rosters and Liaison Officer.....	41
C. Complaints/Grievances.....	43
D. Retail outlets and Benami Operations.....	49
E. Contracts.....	54

**APPENDICES**

A.	Details of working capital loan sanctioned and disbursed under Corpus Fund Scheme for SCs/STs and the number of beneficiaries.....	57
B (I – VI).	State-wise numbers of RO dealerships set up under Corpus Fund Scheme.....	59
C.	No. of complaints on selection of RO dealership/LPG distributorship received in respect of locations reserved for SCs/STs.....	67
D.	No. of complaints on selection of RO dealership/LPG distributorship received in respect of locations reserved for SCs/STs investigated by CVOs.....	68
E.	Minutes of the sitting of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes held on 23.05.2008.....	69
F.	Minutes of the sitting of the Committee on the Welfare of Scheduled Castes and Scheduled Tribes held on 18.12.2009.....	72
G.	Summary of Conclusions/recommendations contained in the Report.....	74

**COMPOSITION OF THE COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND SCHEDULED TRIBES (2009-2010)**

**Shri Gobinda Chandra Naskar - Chairman**

**MEMBERS**

***Lok Sabha***

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3. Shri Tara Chand Bhagora
4. Shri S.K. Bwiswmuthiary
5. Shri Harishchandra Chavan
6. Shri Bhudeo Choudhary
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9. Smt. Paramjit Kaur Gulshan
10. Shri Kamal Kishor "Commando"
11. Shri Virendra Kumar
12. Dr. Chinta Mohan
13. Shri Sohan Potai
14. Shri Gajendra Singh Rajukhedi
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29. Shri Brij Bhushan Tiwari
30. Miss Anusuiya Ukey

**SECRETARIAT**

1. Dr. R.K. Chadha – Joint Secretary
2. Ms. J.C. Namchyo – Director
3. Shri L. Singson – Sr. Committee Assistant

## INTRODUCTION

I, the Chairman, Committee on the Welfare of Scheduled Castes and Scheduled Tribes having been authorised by the Committee to finalise and submit the Report on their behalf, present this Fourth Report (Fifteenth Lok Sabha) on the Ministry of Petroleum and Natural Gas on the subject “Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies”.

2. The Committee took evidence of the representatives of the Ministry of Petroleum and Natural Gas on 23<sup>rd</sup> May, 2008. The Committee wish to express their thanks to the officers of the Ministry of Petroleum and Natural Gas and Oil Marketing Companies for placing before the Committee the material and information the Committee required in connection with the examination of the subject.
3. The Report was considered and adopted by the Committee on 18<sup>th</sup> December, 2009.
4. A summary of conclusions/recommendations contained in the Report is appended (Appendix).

**New Delhi;**  
**March, 2010**  
**Phalgun, 1931(Saka)**

**(GOBINDA CHANDRA NASKAR)**  
**Chairman**  
**Committee on the Welfare of**  
**Scheduled Castes and**  
**Scheduled Tribes**

## CHAPTER – I

### INTRODUCTORY

#### A. Background note

1.1 The Ministry of Petroleum and Natural Gas is entrusted with the responsibility of exploration and production of oil and natural gas, their refining, distribution and marketing, import, export and conservation of petroleum products and Liquified Natural Gas.

1.2 The Ministry of Petroleum and Natural Gas, gets its authority under item No.53, List 1, Seventh Schedule, Article 246 of the Constitution of India. The item reads “Regulation of mines and mineral oil resources, petroleum and petroleum products, other liquids and substances declared by Parliament by law to be dangerously inflammable”.

1.3 The Committee were informed that for the business of exploration, production and marketing of various petroleum products, public sector undertakings are engaged. The Oil and Natural Gas Limited (ONGC) and the Oil India Limited (OIL) are primarily engaged in exploration, Gas Authority of India Limited (GAIL) is engaged in transportation and marketing of gas, Indian Oil Corporation Limited (IOC), Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL) are engaged in refining and marketing of various petroleum products.

1.4 The Committee have also been informed that petroleum products like Motor Spirit (MS)/High Speed Diesel (HSD), Lubricants, Auto Liquified Petroleum Gas (LPG), domestic LPG, Compressed Natural Gas (CNG) and PDS Kerosene are marketed through retail outlets/distributorships. Dealers/distributors are appointed in a transparent and objective manner for operation of these dealerships/distributorships.

**B. Ministry vis-à-vis Oil Marketing Companies (OMCs)**

1.5 The Committee have been informed that subsequent to the dismantling of Administered Pricing Mechanism (APM) w.e.f. 1.4.2002, the Ministry of Petroleum and Natural Gas has no role in the selection of dealers/distributors of petroleum products except issuing of broad policy guidelines on the basis of which public sector oil marketing companies, viz. Bharat Petroleum Corporation Limited (BPCL), Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation Limited (IOC) frame their own detailed selection guidelines.

1.6 The Committee were further informed that since 1977, 25% reservation for SCs/STs have been provided in the allotment of dealership/distributorship of petroleum products. Till deregulation of the petroleum sector in 2002, the Ministry itself prepared the 100 point roster in which reservation for various categories, including 25% reservation for SCs/STs were kept. Subsequent to dismantling of APM w.e.f 1.4.2002, the same roster is continued by OMCs.

1.7 In reply to a query as to whether the policy guidelines/detailed procedure for selection of Retail Outlets Dealers/LPG distributors framed by OMCs are vetted and approved by the Ministry and how it is ensured that interests of SC/ST applicants are taken care of, it has been stated that based on the broad guidelines issued by the Ministry, the OMCs framed their dealer selection guidelines and implementation of the same is done with the approval of respective Boards of the OMCs. Such approved guidelines are then submitted to the Ministry.

1.8 When asked how it is ensured that directives issued by the Ministry are being implemented by the OMCs, it was stated that in order to ensure implementation of the guidelines and to get feedbacks from the OMCs, the Ministry conducts review meetings from time to time.

**1.9 The Committee note that since 1977, 25% reservation for SCs/STs is being provided in the allotment of Dealership/Distributorship of petroleum products. Till**

deregulation of the petroleum sector in 2002, the Ministry prepared 100 point roster in which 25% reservations for SCs/STs was kept. Subsequent to dismantling of Administered Pricing Mechanism (APM) w.e.f. 1.4.2002, the same roster is stated to be continued by Oil Marketing Companies (OMCs). The Committee further note that subsequent to dismantling of APM, the Ministry of Petroleum & Natural Gas has no role in the selection of Dealers/Distributorships of petroleum products except to issue broad policy guidelines on the basis of which the Public Sector OMCs frame their own detailed selection guidelines. It was stated that selection guidelines are implemented after approval by the respective Boards of the OMCs and that the approved guidelines are simply submitted to the Ministry. The Committee also note that to ensure implementation of the guidelines and to get feedback from the OMC it is stated that the Ministry conducts review meetings from time to time. The Committee feel that the present policy has given full freedom to the OMCs in selection of Dealers/Distributors for petroleum products and that submission of guidelines approved by the OMCs to the Ministry and conducting review meetings from time to time do not seem to be sufficient to protect the interests of SCs/STs. The Committee are of firm view that since OMCs are commercial ventures whose main objective is to make profit, the interest of SCs/STs should not be left solely on the Board of OMCs since there is no provision for representation of SC/ST members on the Board of Directors to protect their interest. The Committee are, therefore, of the view that the guidelines prepared and approved by the Board of OMCs should also be vetted and approved by the Ministry before the same are implemented by the OMCs. The Committee recommend that the guidelines for the selection of Dealerships/Distributorships of petroleum products framed and implemented by the OMCs should firstly be vetted and approved by the Ministry before

these are implemented by the OMCs so that the interest of SCs/STs are protected in the guidelines.

**1.10 The Committee view the selection guidelines adopted by the OMCs as a very important document on setting up Retail Outlets/Dealerships/LPG Distributorships i.e. from selection to operationalisation. The Committee feel that since selection and allotment of Retail Outlets Dealerships/LPG Distributorships are made by the OMCs, it should be the bounden duty of the Government to oversee that all provisions related to reservation as specified in the guidelines are strictly complied by them. The Committee, therefore, recommend that the Government should ask the OMCs to furnish compliance reports on implementation of reservation related matters periodically so that they do not deviate from the guidelines.**

## CHAPTER – II

### **RESERVATION AND SELECTION OF RETAIL OUTLETS DEALERSHIPS/ LPG DISTRIBUTORSHIPS**

#### **A. Reservation in allotment**

2.1 The Committee have been informed that broad guidelines advised by Ministry for allotment of retail outlet dealers include a provision for reservation of 25% to candidates belonging to SC/ST category. It has also been stated that the reservation is being implemented from the year 1977. It has further been stated that the percentage in allotment has remained the same since then.

2.2 Within the stipulated limit of 25%, the percentage of reservation for SCs and STs varies from State to State depending on the respective share of SC and ST in the total population of the State. The State-wise breakup of reservation provided for SCs and STs in marketing plans for Dealerships/Distributorships is as under:

<b>States</b>	<b>SC %</b>	<b>ST %</b>	<b>Total</b>
Andhra Pradesh	18	7	25
Assam	9	16	25
Bihar	24	1	25
Chhattisgarh	7	18	25
Delhi	25	0	25
Goa	24	1	25
Gujarat	8	17	25
Haryana	25	0	25
Himachal Pradesh	21	4	25
Jammu & Kashmir	10	15	25
Jharkhand	8	17	25
Karnataka	18	7	25
Kerala	22	3	25
Madhya Pradesh	11	14	25
Maharashtra	13	12	25
Manipur	2	23	25
Orissa	11	14	25
Punjab	25	0	25
Rajasthan	14	11	25
Sikkim	5	20	25

Tamil Nadu	24	1	25
Tripura	9	16	25
Uttaranchal	21	4	25
Uttar Pradesh	25	0	25
West Bengal	20	5	25
<b>UNION TERRITORIES</b>			
Andaman and Nicobar Islands	0	25	25
Chandigarh	25	0	25
Dadra & Nagar Haveli	1	24	25
Daman & Diu	6	19	25
Lakshadweep	0	25	25
Pondicherry	25	0	25

**Reservation for dealerships/distributorships in tribal areas in Northeastern States is as under:**

State	Percentage of Dealerships/ Distributorships to be awarded to	
	ST category	Balance to open category
Arunachal Pradesh	70	30
Meghalaya	80	20
Nagaland	80	20
Mizoram	90	10

2.3 It has also been stated that the percentage of reservation for different categories in States/UTs is as under: -

Scheduled Castes / Scheduled Tribes (SC/ST)	25%
Defence Personnel (DC)	8%
Freedom Fighter (FF)	2%
Outstanding Sports Persons (OSP)	2%
Paramilitary/Police/Govt. Personnel (PMP)	8%
Physically Handicapped Personnel (PH)	5%
Open Category (O)	50%

Out of the above, 33% of dealerships/distributorships in each category are reserved for women belonging to that category.

2.4 When asked about the basis for providing 25% reservations for SCs/STs in allotment of RO Dealerships/LPG Distributorships and whether there is a need to review the percentage of reservation as per the growth of SC/ST population in the States/Union Territories, the Committee were informed that 25% reservation for SC/ST category has been provided in the

allotment of dealerships/distributorships of petroleum products in line with the provision of Article 15, 16 and 46 of the Constitution of India as a special provision for the advancement of SCs and STs, who are socially and economically backward. A consolidated 25% reservation for SC/ST has been provided in each State/UT. Out of the 25% consolidated reservation provided for SCs and STs, the ratio of reservation for SCs and STs in a State/UT is worked out on the basis of the ratio of population of SCs and STs in the State/UT as per the Census of India. The advantage of giving consolidated reservation is that in cases where there are no STs in a particular State/UT, the full 25% reservation will go to SCs, or vice-versa, instead of some portion of the reservation going to the open category. For example, as per the Census of India 2001, the population of STs in Delhi is Nil and as such, the full 25% reservation is given to SCs instead of some portion of the reservation going to open category. Presently, there is no proposal to modify the existing system of reservation for SCs/STs in the allotment of dealerships/distributorships.

#### **B. Selection of locations/sites**

2.5 The Committee have been informed that consequent upon deregulation in the petroleum sector with the dismantling of the Administered Pricing Mechanism (APM) w.e.f. 1.4.2002, public sector Oil Marketing Companies (OMCs) have freedom in choosing the locations for setting up of RO dealerships/LPG distributorships as per their commercial considerations, after conducting feasibility study thereof. It has also been stated that commercial viability of the subject location is the sole criteria for selection of site/location by OMCs for setting up of RO dealerships/LPG distributorships. However, before such dealership/distributorships are commissioned, various approvals/no objection certificates (NOCs) have to be obtained from various concerned statutory authorities such as Forest

Department, National Highways Authority of India (NHAI), District Magistrate, Explosive Licence, etc. as the case may be.

2.6 The mode of selection of locations for retail outlets (RO) dealership/LPG distributorship before deregulation of petroleum sector was that for identification of locations for opening of new RO dealerships/LPG distributorships, feasibility study was being carried out by the District Level Coordinators (the nominated field officers of one of the OMCs) in order to assess the potential and viability of the location in line with the Volume Distance Norms in vogue at that point of time. The State Level Coordinators (of nominated OMC) would then compile the feasible locations and prepare a list. Subsequently, based on this list, a final plan/roster used to be finalized on industry basis at Head Office level by the Industry Coordinator and submitted to Ministry of Petroleum and Natural Gas for approval. These studies were undertaken on the basis of requests/representations made by general public, references from VIPs/Direct from Ministry and need felt by oil companies.

2.7 When it was specifically asked whether the area of operation had been earmarked for each OMC by the Government, it was explained in their post evidence reply that the Government had not earmarked the area of operation for each OMC. However, for setting up RO Dealership, marketing plan was being prepared and finalized on industry basis with the approval of Ministry during the APM era.

2.8 When queried whether social obligation unlike commercial consideration used to be one reason for setting up RO Dealership/LPG Distributorship, it was reiterated in their written reply that locations identified for setting up of RO Dealership/LPG Distributorship were assessed for potential and viability. These locations were then placed under different categories of reservation under social obligation as per 100 point roster for the State by OMCs.

2.9 When asked the change of approach then and now and in the eligibility criteria for

selection of SC/ST RO dealers/LPG distributorships, the Committee were informed that there is no change of approach, before and after deregulation in the petroleum sector, in the identification of locations for setting up of RO dealerships/LPG distributorships and rostered under different categories of reservation of social obligation. However, for RO dealerships, now each OMC is preparing its own Marketing Plan and Roster independently. For LPG distributorships, Marketing Plan and Roster are prepared on industry basis.

2.10 To ensure transparency in regard to selection of Dealers/Distributors of Petroleum products, following steps are reported to be taken:

- a) Selection guidelines to be posted on the website covering eligibility and evaluation criteria.
- b) Adequate copies of the selection guidelines to be made available at Oil Company Marketing offices.
- c) Marks obtained by all the candidates under various criteria will be published in the website after interview.
- d) The result of the interviews is declared on the same day just after conclusion of the interviews.
- e) Presently, more than 90% of marks are awarded under objective criteria, such as age, educational qualification, experience, etc.

2.11 When enquired specifically whether the Ministry are satisfied with the steps taken by OMCs for ensuring transparency in selection of Dealers/Distributors of petrol pumps/LPG, the Ministry have only stated what has already been stated at preceding para. The Ministry have also not mentioned whether they received any complaint from the applicants in the matter of selection.

2.12 The Committee were also informed that adequate hard copies of the selection guidelines are made available at the marketing offices of OMCs for information of the general public. When it was queried as to how it was ensured that SC/ST people residing in remote and rural areas have access to this selection guidelines framed by OMCs, it was *inter-alia*

stated that the guidelines are also available in the form of a brochure containing selection guidelines with the evaluation criteria and the same is available with the respective Oil company officers.

2.13 During evidence of the representatives of the Ministry and OMCs, the Committee pointed out that at the time of preparing or mapping/planning of sites for setting up of ROs, maximum revenue earning sites are not reserved but sites which do not give more revenue are categorised as reserved for SCs/STs. The Committee further pointed out that only 'C' category is being reserved, whereas 'A' and 'B' categories are not reserved. In reply, the Secretary, Ministry of Petroleum and Natural Gas inter-alia stated:

“....when it comes to the planning stage, one observation that came to the notice is more than A and B it is the C class which gets allotted and included in the planning. This is a very valid observation made. We will get back to the Ministry and find out the position....”

2.14 However, in reply to the same query as to why the maximum revenue earning sites are not reserved for allotment to SCs and STs and whether there is any parameter/criteria for reserving locations to the SCs/STs while deciding locations by the OMCs, the Ministry in their written replies have stated as under:-

- (a) Earmarking of locations to various categories is not made on the basis of revenue earning capacity of the location. While making 100 point roster, it is being ensured that all the categories get a mix of high potential, medium potential and low potential locations.
- (b) Selection of location for setting up of Retail Outlet dealerships is based on a field survey and feasibility study of the possible locations. Sales potential, economic viability as well as strategic locations are the main consideration in finalizing a location. OMCs prepare their Marketing Plans taking into account the market conditions, activities of the competitors, long range plan of the Company in respect of retail trade, its growth and potential.

- (c) Dealerships to various categories are planned and allotted on the basis of 100-point roster and the inter-se distribution between SC/ST categories i.e., which location will go to SC or ST, will be as per roster showing 25% reservation based on the last Census. Presently this is being done on the basis on 2001 Census.
- (d) All the locations falling in the ST Parliamentary reserved constituencies have to be earmarked for ST Category. However, in case of such SC constituencies, minimum one location has to be under SC category.
- (e) Allotment of Dealerships under 'SC/ST' Category are on Company Controlled 'A' site basis. Such site represents the sites owned by the OMC either on an outright purchase basis or on a long lease basis. OMC develops and provides infrastructure on such sites as per policy in vogue from time to time.

2.15 During evidence, the Secretary, Ministry of Petroleum & Natural Gas stated:

"There are some difficulties which the Oil companies have been experiencing with regard to setting up of the dealerships in respect of the SC/ST candidates primarily arising out of the difficulties in locating or getting suitable sites. I think this is a genuine difficulty. It is because of the substantial amendments in the Land Acquisition Act and the substantial increase in the cost of lands, things are now becoming difficult not only for our oil companies but for any infrastructural project. However, we are advising the Oil companies to take extra steps to go that extra mile in ensuring that things do not get delayed beyond a point and they get commissioned on time".

2.16 This matter was elaborated by the representative of an OMC as under:

"..... there has been the repeated question on how long from the date of advertisement we do the selection and how much time to commission a distributorship or dealership. Generally speaking, we have been very aggressive to commission and in consultation of the Ministry we interview. In fact the process has been shortened. We issue the LOI and it takes about 6 months to 9 months or a maximum of one year....."

".....if there are certain delays in commissioning or in LPG connections, kindly bear with us because we are going through a very bad time"

2.17 A representative of another OMC stated:

".....with regard to some of the problems which we continuously striving to see how best we can manage it within the framework. We are also trying to simultaneously pre-get the lands and hopefully advertise for that so that we can cut down the time. The real time that is taken is really based on the land availability."

2.18 The Committee note that OMCs have freedom in choosing the locations for setting up of RO Dealerships/LPG Distributorship as per their commercial consideration. While finalising a location, it has been stated that sale potential, economic viability as well as strategic locations are the main considerations. After deregulation for RO Dealerships, each OMC is preparing its own marketing plan and roster independently and that for LPG Distributorship, marketing plan and roster are prepared on industry basis. During evidence, the Committee pointed out that at the time of planning and mapping of sites for setting up of retail outlets (ROs), sites which have potential for earning high revenues are not reserved for SCs and STs but sites which do not give more revenue are reserved for them. The Committee further pointed out that only C category is being reserved whereas A and B categories are not reserved. While the Secretary, Ministry of Petroleum and Natural Gas agreed with the views of the Committee that more than A and B, it is predominantly the C Class which gets allotted and included in the planning stage, yet in the written reply, the Ministry has different version in explaining the same matter. The Committee are perplexed by the ambiguous stance taken by the Ministry. It appears that the Ministry is trying to protect the OMCs even though it has already been admitted by the representative of the Ministry before them that indeed there is a flaw in allotment of ROs at planning stage. The Committee strongly deplore the ambiguous stance taken by the Ministry. The Committee believe that discrimination of SCs and STs at the time of planning and mapping of sites for setting up of retail outlets is not desirable. If prime locations/sites are not reserved for SCs and STs, it would be difficult to expect good turnover from the retail outlets operated by them. The Committee are of the view that if the objective of giving reservation to SCs and STs in allotment of RO Dealerships/LPG Distributorships is to

ameliorate their socio-economic conditions, then it should be the duty of the Government to ensure sites yielding high revenue are also allocated to them. The Committee, therefore, recommend the Government should prevail over the OMCs and ask them to review the whole process of planning and mapping of sites for setting up of ROs which are underway and, if not, in near future to ensure that sites which have potential for earning high revenue are also reserved for SCs and STs.

2.19 The Committee also note that after deregulation of petroleum sector for LPG Distributorships, marketing plan and rosters are prepared on industry basis. It has, however, not been specifically explained the procedure as to how and who undertake the market plan for LPG Distributorship and prepare the roster thereof for the industry. The Committee should, therefore, be apprised of the details of marketing plans for LPG Distributorship of last 5 years, the details of LPG Distributorship earmarked and commissioned in different States and UTs and the share of SCs/STs in this regard.

### **C. Selection Board**

2.20 The Committee have been informed that the selection of RO dealers/LPG distributors is done by a Selection Committee comprising 3 officials from the concerned OMC. The members of the Committee appointed are wholly from outside the State or from a different Department. It has also been stated that the State/Regional/Zonal Head of OMCs nominate 3 Senior Officers from the concerned company as Selection Committee members. There is no specific provision to include SC/ST members in the Selection Committee except for BPCL. The Selection Committee is not a permanent body and constituted for specific locations to conduct interviews/selection of dealers.

2.21 When asked to state why no provision has been made in the directives issued to the OMCs for inclusion of one member belonging to SC/ST in the Selection Committee and how

it is ascertained that OMCs ensure inclusion of one member belonging to SC/ST category in the selection committee to select candidates for retail outlet dealership earmarked for SC/ST category, it was stated that in respect of locations reserved for SC/ST categories, only candidates belonging to the same category can apply for such locations. As such, SC/ST candidates are not competing with candidates belonging to the other categories for such reserved locations and hence, there is no scope for allegation of bias against candidates belonging to any particular category and that it is not necessary for OMCs to consult Ministry whenever Selection Committee is constituted.

**2.22 The Committee note that selection of RO Dealers/LPG Distributors is done by a Selection Committee comprising 3 officers from concerned OMCs. It has been stated that the Members are appointed wholly from outside the State or from a different Department. The Committee are surprised to note that no specific provision has been made in the directives to include SC/ST Members in the Selection Committee of OMCs. The reason attributed is that in respect of locations reserved for SC/ST categories, candidates belonging to these categories can only apply for such locations and that there is no scope for allegation of bias against candidates belonging to any particular category since SC/ST candidates are not competing with candidates belonging to other categories for reserved locations. The Committee strongly feel that even though only candidates from the reserved communities can compete for locations reserved for them, it is important to ensure that the people applying as SC/ST candidates are genuine and not otherwise. The Committee are aware of the fact that some people have taken advantage of gullible SC/ST people and obtained RO dealership/LPG distributorship in their names only, thereby, hoodwinking the Government in complacency that all is well. The Committee are also very concerned that some people**

are also obtaining Scheduled Caste/Scheduled Tribe certificates fraudulently to get an access to benefits given exclusively for SCs and STs. In such circumstances, it is very essential to check the genuineness of SC/ST applicants. It is, therefore, totally wrong on the part of the Ministry to say that in locations reserved for SC/ST category candidates, there would be no scope for allegation of bias since all are reserved category applicants. The Committee, therefore, view that the process of selection should not only be free from all corruption, nepotism and impartiality but that only the genuine SC/ST candidates apply for the Dealerships/Distributorships reserved for them. The Committee, therefore, view that inclusion of SC/ST Member in the Selection Committee will help in selection of right candidates. The Committee, therefore, recommend that all OMCs should include a member from SC/ST community drawn either from the OMCs or from the Department/Ministry in the Selection Committee constituted for selection of RO Dealers/LPG Distributors reserved for these communities.

2.23 Surprisingly, the Committee note that BPCL has already included a SC/ST Member in the Selection Committee. It is, however, not understood as to why the Ministry of Petroleum & Natural Gas did not ask other OMCs to follow suit in the matter. The Committee, therefore, recommend that the Ministry of Petroleum should ensure that the basic structure in the Dealer selection guidelines of all the OMCs are uniform and that the interests of SCs and STs have been taken care of.

#### **D. Selection of ROs Dealerships/LPG Distributorships**

2.24 The selection of RO Dealers/Distributors is also conducted by the OMCs themselves as per their own guidelines, which involves issue of public advertisement, interviews of eligible applicants, field verification of credentials etc. In reply to a question, whether the Ministry has

any direct/indirect role in the allotment process, it has been stated that their role is limited to formulation of broad policy guidelines on the basis of which OMCs frame their own detailed guidelines. It has also been stated that the policy guidelines/detailed procedure for selection of RO dealers/LPG distributors framed by OMCs on the basis of the broad guidelines issued by the Ministry are posted on the websites of the OMCs. Further, adequate hard copies of the selection guidelines are made available at the marketing offices of OMCs for information of the general public.

2.25 During evidence, the Committee had apprised the representatives of the Ministry and OMCs that publicity given for selection of SC/ST dealerships/distributorships do not reach the targeted beneficiaries in rural areas. In reply, the Secretary, Ministry of Petroleum and Natural Gas inter-alia stated:

“...On advertisement an observation was made that not enough publicity is given. We will review the process and we will ensure that the industry advertises these things in such a way that it reaches the remotest corners so that people get equal opportunity to avail of the benefit...”

2.26 In reply to a query as to the mode of selection of dealers for rural retail outlets dealerships/LPG distributorships, the Ministry in their post evidence replies have stated that notice inviting applications for selection of RO dealerships/LPG distributorships for identified locations in rural areas are advertised in one/local vernacular newspaper (with maximum circulation in the area) and in one State level newspaper having maximum circulation in the State. The advertisement is also made available in the websites of respective OMCs. In addition, wide publicity is given through the offices of local Government bodies.

2.27 It has further been stated that the format of the advertisement has been specified in the guidelines for selection of retail outlet dealership. When asked whether the number of retail outlets reserved for SCs/STs are indicated in the advertisement and whether the guidelines for selection of retail outlet dealers are also published alongwith the advertisements, it was

stated that the notice for advertisement mentions the name of location and the category to which it is reserved against the particular location. Notice of advertisement issued by OMCs mention the following information:

- (i) Eligibility criteria for concerned category, disqualification, multiple dealership norms
- (ii) Norms for evaluating the candidates
- (iii) Other terms and conditions: Provision of basic facilities at retail outlet, scheme of financial assistance to SC/ST and others under Corpus Fund Scheme.
- (iv) General Terms and conditions.
- (v) Application format and various documents required to be attached
- (vi) The notice for advertisement clearly mentions that the dealer selection guidelines are available on the Web Site of the Corporation or the same can be procured at a cost Rs. 50/- from concerned Office of the OMCs.

2.28 In case of RO dealerships reserved for SCs/STs, candidates are evaluated out of only 40 marks under the following parameters: Educational Qualification (15 Marks), Capability to generate Business(10 Marks), Age (4 Marks), Experience (4 Marks), Business Ability and Acumen (5 Marks) and Personality (2 Marks).

2.29 In case of LPG distributorships reserved for SCs/STs, candidates are evaluated out of 30 marks only under the parameters 'Educational Qualifications' (15 marks), 'Age' (4 marks), 'Experience' (4 marks), 'Business ability and acumen' ( 5 marks) and 'Personality' (2 marks).

2.30 The Committee were also informed that in regard to selection of dealers/distributors certain steps have been taken to ensure transparency. When asked to state whether the Ministry is satisfied with the steps taken by OMCs for ensuring transparency in selection of dealerships/distributorships of petrol pumps/LPG, it was stated in the post-evidence replies that OMCs have hosted detailed selection guidelines on their website. Guidelines are also published along with the advertisement in the newspaper inviting applications for selection of

RO distributors. Guidelines are also available in a form of brochure containing selection guidelines with the evaluation criteria and the same is available with the respective Oil Company Offices. More than 90 marks are awarded to the applicants objectively on the information based on verifiable documents. The result with details of marks awarded under each parameter are displayed on conclusion of an interview at the notice board and also hosted on the website of the Corporation.

2.31 When the Committee inquired about the delay in announcing the result of an interview conducted by HPCL at Bhopal on 5<sup>th</sup> April 2005 regarding allocation of RO dealership, the Secretary inter-alia stated:

“Madam, as I mentioned we will compile the information very quickly on the specific cases because right now the information is not available. There are thousands of retail outlets which have been advertised, and where interview process has been completed, they are in various stages of commissioning. We will collect the information very promptly and we will furnish them to you”.

**2.32 The Committee note that selection of RO Dealers/Distributors is conducted by the OMCs themselves as per their own guidelines which involves issue of public advertisement, interviews of eligible applicants and field verification. In regard to issue of advertisement when the Committee pointed out that publicity given for selection of SC/ST RO Dealerships and LPG Distributorships does not reach the targetted beneficiaries, the representative of the Ministry had readily agreed to review the whole process of publicity for selection of SC/ST Dealerships/Distributorships so as to ensure that the industry advertises the requisite information in such a way that it reaches the remotest corner of the country. The Committee expect that the verbal assurance given by the representative of the Government would be honoured while advertisements are brought out by the OMCs in the future. The Committee strongly desire that vigorous campaign should be launched especially in the rural areas to educate the rural people**

of the many advantages of LPG so that more people are induced to use LPG for cooking purposes as also market for opening more LPG distributorship is created in those areas. The Committee, therefore, recommend that wide publicity for use of LPG for cooking purposes should go hand in hand with advertisement for LPG Dealership. Advertisements should be carried out in atleast two leading local vernacular newspapers. The Committee also desire that copies of advertisement for selection of RO Dealership/LPG Distributorship should be provided to members of the Parliamentary Committee on the Welfare of Scheduled Castes and Scheduled Tribes as also to the local councillors/MLAs/MPs of the local area for information. The Committee also desire that ample time should be given to SC/ST applicants, and assistance, if required in filling up the application should also be provided so that their applications are not rejected due to wrong information furnished out of ignorance.

2.33 The Committee are distressed to note that the information sought by them in regard to delay in announcing the result of an interview conducted by HPCL at Bhopal on 5<sup>th</sup> April 2005 for allocation of RO dealership has not been furnished despite the assurance given by the representative of the Ministry during evidence. The Committee take serious view of the matter and deplore the irresponsibility and contemptuous attitude shown to them. The Committee strongly recommend that the information sought by them should be furnished immediately.

#### **E. Period of allotment**

2.34 The Committee were informed that RO dealerships in case of IOC & BPCL are allotted for the initial period of 15 years and the same is subsequently renewed for period of 5 years subject to the examination of the performance of the RO dealership by the Company. In case of HPCL, it is 10 years with 10 years renewal option. LPG

distributorships are allotted for 5/10 years and the same are subsequently renewed subject to satisfactory performance of the distributors.

2.35 With regard to provisions/conditions for reconstitution of Dealerships/ Distributorships in case of death of allottee, it has been stated that as per the extant reconstitution policy, if the Dealership has not been commissioned and in the event of the death of the allottee, the LOI can be transferred to the legal heir in case substantial investment towards commissioning of the Dealership has been made by the LOI holder before his/her death. If the Dealership has been commissioned and in the event of the death of an allottee, the Dealership is reconstituted by inducting the legal heir of the deceased. However, if the legal heirs have expressed unwillingness, the Dealership is terminated. In case of partnership firm, on death of one of the partners, the Dealership is reconstituted either by inducting the legal heir of the deceased (in case he is willing) or with the surviving partners.

2.36 When asked whether the time limit has been fixed it was stated that except in case of death or incapacitation, the first reconstitution for RO Dealership/LPG Distributorship can be done after 5 years of commissioning of Dealership/Distributorship and subsequent reconstitution can be done after the expiry of 5 years from the last reconstitution. In case of RO Dealership allotted under the SC/ST category, minority partner from the same category who has suitable land for commissioning of the RO can be inducted at LOI stage without restriction of time period. It has also been stated that no transfer of Dealership by the allottee to any other person is allowed by way of sale or gift of Dealership/Distributorship.

**2.37 The Committee are surprised to note that the period of initial allotment for RO Dealership varies from 10 to 15 years depending upon the OMC. The subsequent renewal period also varies from 5 to 10 years. The OMCs might be having different reasons for allotment period for RO Dealership and LPG Distributorship. The**

Committee, however, feel that as far as the interest of SCs and STs are concerned, all OMCs should have the uniform period of allotment for RO Dealership and LPG Distributorship and renewal option subject to performance. The Committee, therefore, recommend that the action to have uniform initial allotment period of 15 years for Dealership/LPG Distributorship in all OMCs should be initiated so that SCs and STs who have RO Dealership/LPG Distributorship get enough time to settle down in their business. The renewal option should, therefore, be fixed at 10 years subject to satisfactory performance of RO Dealership/LPG Distributorship.

#### **F. R.O. Dealership/LPG Distributorship allotted to SCs/STs**

2.38 The Ministry have provided the following information on number of RO Dealerships and LPG Distributorships allotted State-wise and OMC-wise since introduction of reservation for SCs and STs from 1977 to 30.6.2007/1.7.2007:

#### **STATEWISE NO. OF RETAIL OUTLETS ALLOTTED DURING 1977 TO 1.7.2007 AND UNDER SC/ST CATEGORY**

##### **Name of OMC: BPCL**

<b>States</b>	<b>ALLOTMENTS 1977-2007</b>			
	<b>Total</b>	<b>SC</b>	<b>ST</b>	<b>% of SC/ST</b>
Andhra Pradesh	358	75	27	28.5
Arunachal Pradesh	3	0	3	100.0
Assam	21	2	6	38.1
Bihar	166	23	7	18.1
Chhattisgarh	120	12	28	33.3
Goa	42	12	0	28.6
Gujarat	253	34	43	30.4
Haryana	240	53	0	22.1
Himachal Pradesh	39	5	1	15.4
Jammu & Kashmir	72	4	10	19.4
Jharkhand	49	7	10	34.7
Karnataka	277	64	13	27.8
Kerala	198	56	4	30.3
Madhya Pradesh	378	75	55	34.4
Maharashtra	682	93	93	27.3
Manipur	3	0	0	0.0
Meghalaya	9	0	8	88.9
Mizoram	0	0	0	0.0

Nagaland	0	0	0	0.0
Orissa	136	21	27	35.3
Punjab	429	110	0	25.6
Rajasthan	416	75	23	23.6
Sikkim	5	0	1	20.0
Tamil Nadu	318	82	3	26.7
Tripura	0	0	0	0.0
Uttaranchal	32	12	2	43.8
Uttar Pradesh	519	106	2	20.8
West Bengal	145	46	9	37.9
<b>SUB TOTAL</b>	<b>4910</b>	<b>967</b>	<b>375</b>	
<b>UNION TERRITORIES</b>				
Andaman & Nicobar Islands	0	0	0	0.0
Chandigarh	3	0	0	0.0
Dadar & Nagar Haveli	1	0	1	100.0
Daman & Diu	0	0	0	0.0
Delhi	41	4	0	9.8
Lakshadweep	0	0	0	0.0
Pondicherry	10	3	0	30.0
<b>SUB TOTAL</b>	<b>55</b>	<b>7</b>	<b>1</b>	
<b>ALL INDIA</b>	<b>4965</b>	<b>974</b>	<b>376</b>	

**TOTAL NUMBER OF RO DEALERSHIPS ALLOTTED (AS ON 30-6-2007) IN THE COUNTRY SINCE INTRODUCTION OF RESERVATION FOR SC/ST**

**Name of the OMC: HPCL**

States/UT	Total	SC	ST	% of SC/ST
Andhra Pradesh	523	92	42	25.6
Arunachal Pradesh	1	0	1	100.0
Assam	45	4	9	28.9
Bihar	221	54	10	29.0
Chhattisgarh	110	12	26	34.5
Goa	21	9	0	42.9
Gujarat	248	27	54	32.7
Haryana	372	85	0	22.8
Himachal Pradesh	68	20	3	33.8
Jammu & Kashmir	111	14	13	24.3
Jharkhand	95	9	25	35.8
Karnataka	377	104	22	33.4
Kerala	213	56	5	28.6
Madhya Pradesh	256	39	48	34.0
Maharashtra	578	72	61	23.0
Manipur	0	0	0	0.0
Meghalaya	17	0	12	70.6
Mizoram	3	0	3	100.0
Nagaland	4	0	3	75.0
Orissa	137	22	29	37.2
Punjab	571	161	0	28.2
Rajasthan	555	92	66	28.5
Sikkim	3	0	1	33.3

Tamil Nadu	426	133	5	32.4
Tripura	0	0	0	0.0
Uttarakhand	92	23	1	26.1
Uttar Pradesh	807	187	5	23.8
West Bengal	180	45	13	32.2
<b>SUB TOTAL</b>	<b>6034</b>	<b>1260</b>	<b>457</b>	
<b>UNION TERRITORIES</b>				
Andaman & Nicobar Islands	0	0	0	0.0
Chandigarh	2	1	0	0.0
Dadar & Nagar Haveli	1	0	1	100.0
Daman & Diu	0	0	0	0.0
Delhi	42	3	0	0.0
Lakshadweep	0	0	0	0.0
Pondicherry	38	7	0	0.0
<b>GRAND TOTAL</b>	<b>6117</b>	<b>1271</b>	<b>458</b>	

**STATEWISE ALLOCATION OF RO DEALERS MADE TO SC/ST TILL 30.06.2007 SINCE INTRODUCTION OF RESERVATION POLICY**

**NAME OF OMC: IOCL**

<b>States/UTs</b>	<b>LOIs issued since 1977</b>			
	<b>Total</b>	<b>SC</b>	<b>ST</b>	<b>% of SC/ST</b>
Andhra Pradesh	1052	222	75	28.23
Arunachal Pradesh	36	0	28	77.78
Assam	230	42	59	43.91
Bihar	457	91	14	22.98
Chhattisgarh	162	17	47	39.51
Delhi	138	17	0	12.32
Goa	29	8	7	51.72
Gujarat	600	60	96	26.00
Haryana	669	185	0	27.65
Himachal Pradesh	308	56	16	23.38
Jammu & Kashmir	307	21	19	13.03
Jharkhand	205	21	57	38.05
Karnataka	1029	144	29	16.81
Kerala	509	143	13	30.65
Madhya Pradesh	494	72	73	29.35
Maharashtra	971	102	85	19.26
Manipur	32	1	15	50.00
Meghalaya	105	0	81	77.14
Mizoram	26	0	22	84.62
Nagaland	38	0	29	76.32
Orissa	422	63	60	29.15
Punjab	2219	300	1	13.56
Rajasthan	1004	170	113	28.19
Sikkim	11	0	2	18.18
Tamil Nadu	1052	285	10	28.04
Tripura	18	0	6	33.33
Uttaranchal	1687	408	21	25.43
Uttar Pradesh	229	42	7	21.40

West Bengal	603	136	26	26.87
<b>UNION TERRITORIES</b>				
Andaman & Nicobar Islands	6	0	2	33.33
Chandigarh	22	2	0	9.09
Dadar & Nagar Haveli	8	0	2	25.00
Daman & Diu	8	2	0	25.00
Lakshadweep	0	0	0	0.00
Pondicherry	64	21	0	32.81
<b>ALL INDIA TOTAL</b>	<b>14750</b>	<b>2631</b>	<b>1015</b>	

**TOTAL NUMBER OF LPG DISTRIBUTORSHIPS ALLOTTED (AS ON 30.06.2007) IN THE COUNTRY SINCE INTRODUCTION OF RESERVATION FOR SC/ST**

**Name of OMC: BPCL**

<b>States</b>	<b>No. of Allotments</b>			<b>% of SC/ST</b>
	<b>Total</b>	<b>SC</b>	<b>ST</b>	
Andhra Pradesh	129	26	8	26.36
Arunachal Pradesh	0	0	0	0.0
Assam	14	2	0	0.0
Bihar	59	15	0	25.42
Chhattisgarh	18	3	4	0.00
Goa	11	2	0	2.20
Gujarat	91	8	13	33.87
Haryana	62	19	0	316.67
Himachal Pradesh	6	1	0	0.0
Jammu & Kashmir	6	0	0	0.0
Jharkhand	16	2	3	6.10
Karnataka	82	18	1	22.09
Kerala	86	25	2	27.00
Madhya Pradesh	100	10	11	9.42
Maharashtra	223	22	31	0.00
Manipur	0	0	0	0.00
Meghalaya	0	0	0	0.00
Mizoram	0	0	0	0.00
Nagaland	0	0	0	0.00
Orissa	31	5	3	25.81
Punjab	64	16	0	25.00
Rajasthan	94	16	8	25.53
Sikkim	0	0	0	0.00
Tamil Nadu	133	38	1	29.32
Tripura	0	0	0	0.00
Uttarakhand	11	5	0	0.00
Uttar Pradesh	208	66	1	32.21
West Bengal	59	12	2	23.73
<b>SUB TOTAL</b>	<b>1503</b>	<b>311</b>	<b>88</b>	
<b>UNION TERRITORIES</b>				
Andaman & Nicobar Islands	0	0	0	0.0
Chandigarh	4	0	0	0.0

Dadar & Nagar Haveli	0	0	0	0.0
Daman & Diu	0	0	0	0.0
Delhi	47	17	0	36.17
Lakshadweep	0	0	0	0.0
Pondicherry	4	1	0	25.0
<b>ALL INDIA</b>	<b>1558</b>	<b>329</b>	<b>88</b>	

**TOTAL NUMBER OF LPG DISTRIBUTORSHIPS ALLOTTED (AS ON 30.6.2007) IN THE COUNTRY SINCE INTRODUCTION OF RESERVATION FOR SC/ST**

**Name of the OMC: HPCL**

<b>States/UT</b>	<b>Total</b>	<b>SC</b>	<b>ST</b>	
Andhra Pradesh	189	38	10	25.40
Arunachal Pradesh	0	0	0	0.0
Assam	9	0	2	22.22
Bihar	45	8	0	17.78
Chhattisgarh	38	3	13	42.11
Goa	27	7	0	25.93
Gujarat	67	9	12	31.34
Haryana	43	8	0	18.60
Himachal Pradesh	14	2	2	28.57
Jammu & Kashmir	25	6	1	28.00
Jharkhand	27	5	6	40.74
Karnataka	154	30	2	20.78
Kerala	71	16	2	25.35
Madhya Pradesh	121	12	13	20.66
Maharashtra	286	33	30	22.03
Manipur	0	0	0	0.0
Meghalaya	0	0	0	0.0
Mizoram	0	0	0	0.0
Nagaland	0	0	0	0.0
Orissa	55	7	9	29.09
Punjab	52	13	0	25.0
Rajasthan	99	18	8	26.26
Sikkim	0	0	0	0.0
Tamil Nadu	118	29	2	26.27
Tripura	0	0	0	0.0
Uttar Pradesh	166	47	0	28.31
Uttarakhand	18	4	2	33.33
West Bengal	70	16	5	30.0
<b>UNION TERRITORIES</b>				
Andaman & Nicobar Islands	0	0	0	0.0
Chandigarh	5	2	0	40.0
Dadar & Nagar Haveli	1	0	0	0.0
Daman & Diu	2	0	0	0.0
Delhi	16	0	0	0.0
Lakshadweep	0	0	0	0.0
Pondicherry	5	1	0	20.0
<b>ALL INDIA</b>	<b>1723</b>	<b>314</b>	<b>119</b>	

**TOTAL NUMBER OF LPG DISTRIBUTORSHIPS ALLOTTED BY IOCL (INCLUDING AOD&IBP) AS ON 30.06.2007 IN THE COUNTRY SINCE INTRODUCTION OF RESERVATION FOR SC/ST**

Sl. No.	States	Total awarded under Mkt Plan	SC	ST	SC+ST	% of SC/ST
			A	B	C	D/A%
1.	Andhra Pradesh	266	64	11	75	28
2.	Arunachal Pradesh	20	0	15	15	75
3.	Assam	153	16	25	41	27
4.	Bihar	152	39	2	41	27
5.	Chhattisgarh	66	10	17	27	41
6.	Goa	4	1	0	1	25
7.	Gujarat	225	24	34	58	26
8.	Haryana	89	21	0	21	24
9.	Himachal Pradesh	27	9	1	10	37
10.	Jammu & Kashmir	12	4	0	4	33
11.	Jharkhand	73	10	15	25	34
12.	Karnataka	146	37	4	41	28
13.	Kerala	163	37	4	41	25
14.	Madhya Pradesh	245	32	31	63	26
15.	Maharashtra	173	26	33	59	34
16.	Manipur	26	0	8	8	31
17.	Meghalaya	19	0	15	15	79
18.	Mizoram	15	0	11	11	73
19.	Nagaland	17	0	13	13	76
20.	Orissa	59	7	9	16	27
21.	Punjab	171	44	0	44	26
22.	Rajasthan	144	23	15	38	26
23.	Sikkim	5	0	1	1	20
24.	Tamil Nadu	286	73	2	75	26
25.	Tripura	25	2	6	8	32
26.	Uttarakhand	39	8	2	10	26
27.	Uttar Pradesh	485	121	0	121	25
28.	West Bengal	204	41	11	52	25
<b>UNION TERRITORIES</b>						
29.	Andaman & Nicobar Islands	3	0	2	2	67
30.	Chandigarh	12	3	0	3	25
31.	Dadar & Nagar Haveli	0	0	0	0	0
32.	Daman & Diu	0	0	0	0	0
33.	Delhi	93	25	0	25	27
34.	Lakshadweep	1	0	0	0	0
35.	Pondicherry	5	2	0	2	40
	<b>TOTAL</b>	<b>3423</b>	<b>679</b>	<b>287</b>	<b>966</b>	<b>28</b>

2.39 When asked about the reasons as to why the prescribed percentage of reservations for SCs/STs in allotment of RO Dealerships and LPG Distributorships in different States/UTs have not been maintained by all OMCs, the Ministry in their post-evidence reply has stated that locations for RO Dealerships/LPG Distributorships are placed under different categories of reservation as per 100 point roster maintained for a State/UT. 100 point roster is an allocation of a particular location for a particular category against a serial number so that when 100 number of Dealerships/ Distributorships are planned, the percentage of reservation for all categories, including SC/ST categories is achieved. Hence, unless exact 100 or exact multiple of 100 number of Dealerships/Distributorship are planned/allotted, reservations for various categories (including open category) will not be fully met. Further, the 100 point roster has been prepared for each State/UT and any subsequent bifurcation/division of State/UTs can temporarily disturb the percentage of reservation in respect of the parent as well the newly created States/UTs. Selection of location for setting up on RO Dealerships/LPG Distributorships is based on a field survey and feasibility study of the possible locations.

**2.40 The Committee note that there is a provision for reservation of 25% to candidates belonging to SC/ST category depending upon the ratio of population of SCs and STs in each State/UT as per census of India. It has been stated that the advantage of consolidated reservation is that in cases where there are no STs in a particular State/UT, the full 25% reservation will go to SCs or vice-versa, instead of some portion of the reservation going to the open category. The Committee appreciate the spirit in extending the full benefit of 25% to either of SC or ST in allotment. In reality though that percentage has not been achieved in almost all States/UTs as is evident from the statements furnished by OMCs. The reason for not**

maintaining the prescribed percentage in some States/UTs is reported to be that unless exact 100 or exact multiple of 100 Dealerships/Distributorships are planned/allotted, reservation for various categories (including open category) will not be fully met. The Committee are surprised that no remedy has been thought of despite knowing it fully well that such a problem exists. By mere keeping reservation for SCs/STs at 25% and not translating it into action is simply not acceptable to the Committee. The Committee, therefore, strongly recommend that OMCs should review the 100 point roster wherever due to less than 100 Dealerships/Distributorships allotment, the prescribed percentage for SC/ST has not been achieved and accordingly give Dealership/Distributorship to SC/ST candidates to cover the deficiency. Action taken in this regard should be apprised within 3 months of presentation of this Report.

## CHAPTER – III

### ASSISTANCE GIVEN TO SCHEDULED CASTES AND SCHEDULED TRIBES

#### A. Relaxations/concessions given to SCs/STs

3.1 The Committee have been informed that the following relaxations/concessions are provided to SC/ST applicants for RO dealerships/LPG distributorships in urban and rural areas:

- (a) Infrastructure facilities including land procurement and development of Retail Outlet are being carried out by the Oil Companies. In addition, working capital loan is provided by OMCs to SC/ST applicants selected for RO dealerships/LPG distributorships reserved under “SC/ST” category both in urban and rural areas.
- (b) In case of SC/ST categories, the qualifying cut-off marks are 50% unlike 60% for other categories. In addition, SC/ST candidates are not evaluated under the parameters of capability to provide land, infrastructure and finance.
- (c) With regard to application fee, against application processing fee of Rs.1000/-, for General candidates, SC/ST candidates are required to pay Rs.500/- only in case of urban ROs and LPG distributorships. In case of rural ROs, the application fee is Rs.100/- for General candidates and Rs.50/- for SCs/STs.
- (d) While the selected candidates under other categories are required to pay an interest free refundable security deposit amount ranging from Rs.2 Lakhs to Rs.5 Lakhs, SC/ST candidates are not required to pay any such security deposit.

3.2 During evidence, the Secretary, Ministry of Petroleum and Natural Gas explained:

“....that even at the selection process, SCs and STs are not evaluated at par with others; they are not evaluated for capability to arrange land and infrastructure for the simple reason that the Corpus Fund Scheme is already available with them. So we do not evaluate them for capability to arrange funds; 35 or 25 marks do not apply to the SC/ST candidates. They are appraised only to the extent of 40 percent; for the balance 60 percent, that is, capability to arrange land and infrastructure and capability to arrange finances, they are not evaluated at all because we take care of the whole thing under the Corpus Fund Scheme. Out of the remaining 40, anyone who qualifies with 20 marks is selected, i.e., it is only 50 percent which is required out of the 40 for SC/ST candidates to qualify. These are various concessions which consciously the Ministry and the companies have made available to the candidates in order to ensure that they get their rightful claim in the economic activity which is very essential for the welfare of the whole country”.

## **B. Financial assistance**

3.3 The Committee have been informed that candidates belonging to SC/ST category applying for dealership/distributorships reserved for the same category are not required to be evaluated under the parameter “Capability to arrange land and infrastructure” and “capability to arrange finance” as they are eligible to avail the Corpus Fund Scheme.

3.4 Under the Corpus Fund Scheme, eligible dealers/distributors are not required to make any investment towards setting up of dealerships/distributorships. All expenditures on land, infrastructure, facilities, etc. for dealerships/distributorships is incurred by the OMC concerned and the dealerships/distributorships are handed over to such dealers/distributors in a ready condition. In addition, the OMCs provide interest bearing working capital loan to such dealers/distributors to cover 7 days sale. This is to be recovered from the dealers in 100 monthly instalments commencing from the 13<sup>th</sup> month of operation.

3.5 During evidence the Secretary, Ministry of Petroleum and Natural Gas further explained:

“With regard to ensuring that the members of the SC/ST who are allotted the distributorship and dealership are enabled to run them, a Corpus Fund Scheme is under implementation since 1992. All expenditure on land, infrastructure and the required facilities for setting up of the dealership and distributorship are taken care of under this Corpus Fund Scheme by the oil marketing companies concerned. While there is no fund set apart, whatever is required is fully met. For instance, when I come to a specific site, I estimate that the cost of land may cost Rs.50 lakh, but the actual cost may be Rs.1.5 crore. The oil companies will not postpone the issue till next year saying that no fund is available this year. What I mean to submit is, fund availability is not a constraint, whereas so many retail outlets dealerships must be established, so many LPG distributorships must be established, which is the target set upon itself by the oil company concerned, and whatever is the fund requirement for that purpose, it is met in full by the oil company. In addition to that, working capital is also met by the oil companies concerned in favour of SC/ST dealership and distributorship which is collected in easy 100 instalments or so.”

3.6 The OMCs provide infrastructure facilities under Corpus Fund Scheme to all allottees under SC/ST categories for which provision is made under the Capital Expenditure Budget of the respective Oil companies. The details of working capital loan sanctioned and disbursed by

OMCs under Corpus Fund Scheme for SCs/STs and the number of beneficiaries during the years 2004-05, 2005-06, 2006-07 and 2007-08 are given in Appendix-'A'.

3.7 The Corpus Fund Facility is also provided to widows and unmarried women above the age of 40 years without earning parents. Corpus Fund is also provided to allottees under special scheme of 'Operation Vijay (Kargil)' and erstwhile Discretionary Quota Scheme of the Government.

3.8 Asked to state the minimum amount that one has to invest for setting up of RO dealerships/distributorships, it was informed that the cost of setting up of RO dealership cannot be specified as setting up a Retail Outlet dealership depends on the cost of the land at the respective places as well as the estimated sales which varies from place to place.

3.9 When asked to state whether all SCs/STs who have been allotted dealership/distributorship till now availed themselves of the Corpus Fund Scheme, it was informed that in most of the cases SC/ST candidates avail Corpus Fund facilities for RO dealership. However, in respect of LPG distributorships, most of the SC/ST distributors voluntarily prefer not to avail Corpus Fund facility.

3.10 As regards repayment of fund availed from Corpus Fund Scheme it has been stated that working capital loan availed under the Corpus Fund Scheme at 11 % per annum simple interest, thereon is recovered in 100 equal monthly installments from the 13<sup>th</sup> month of commissioning of the RO dealership/LPG distributorship.

3.11 Regarding the cost of providing infrastructure, in case of RO dealerships, Licence Fee is recovered from SC/ST dealers and all other 'A' site dealers @ Rs. 43/KL for MS and Rs. 36/KL for HSD. With effect from 26.10.2009, this licence fee has been increased to Rs. 47/KL for MS and Rs. 40/KL for HSD. In case of LPG distributorships, License Fee is recovered

from the LPG distributors till the amount invested in providing the infrastructure facilities under the Corpus Fund along with the applicable interest is fully recovered.

3.12 The State-wise and company-wise number of beneficiaries of RO dealerships and LPG distributorships under Corpus Fund Scheme for the years 2004-05, 2005-06, 2006-07 and 2007-08 are given at **Appendices – ‘B-I to B-VI’**.

3.13 The Committee have also been informed that in most of the cases, OMCs are able to recover the working capital loan. In case of any defaults action for recovery is taken in line with terms and conditions of the loan agreement executed between the dealer and OMCs. Continuous efforts are made to persuade defaulting dealers for repayment of loan.

3.14 When the Committee specifically asked to know whether any time period for availing fund from the Corpus Fund Scheme has been fixed for a person selected for Dealership/Distributorship, the Ministry in their post evidence replies have stated that there is no specific time frame specified for availing the corpus fund loan. Generally the same is availed at the time of commissioning of the dealership.

**3.15 The Committee note that infrastructure facilities including land procurement and development of retail outlets are being carried out by the Oil companies. As already pointed out in para 2.15, there is difficulty in setting up dealerships in respect of SC/ST candidates due to non-availability of suitable lands. The Committee are of the view that unless OMCs scout for and procure suitable lands for RO Dealerships and LPG Distributorships for SCs/STs, the concessions/relaxations will be of no use. The Committee, therefore, urge the Ministry and the OMCs to first get the suitable lands for RO Dealerships/LPG Distributorships for SCs/STs so that concessions/relaxations enumerated in preceding paras will have real meaning.**

3.16 The Committee note that since 1992 'Corpus Fund Scheme' is available to members of Scheduled Castes and Scheduled Tribes who are allotted the Dealership/Distributorship to run them. Under the scheme all expenditures on land, infrastructure facilities, etc. for setting up dealerships and distributorships are taken care of by the OMCs concerned and the dealerships/distributorships are handed to them in a ready condition. In addition, the OMCs provide interest bearing working capital loan to dealers/distributors to cover 7 days sale which is to be recovered in 100 monthly installments commencing from the 13<sup>th</sup> month of operation. The Committee appreciate the assistance provided to the SC/ST allottees of RO dealerships and LPG distributorships by the OMCs and feel that it would considerably motivate many SC/ST people to undertake these ventures. The Committee also feel that there is an important factor which is very imperative for the successful operation of these projects. Imparting training for successful running of dealerships and distributorships is important since many SC/ST allottees will generally lack business acumen and if not given proper training the projects will not succeed as desired. The Committee are, therefore, of the view that apart from financial assistance, providing trainings to the SC/ST allottees will be very integral to the success of these noble schemes provided to the SC/ST people for their economic development. The Committee, therefore, recommend that apart from financial assistance, the OMCs should compulsorily provide necessary trainings to SC/ST allottees on running of retail outlets and gas agencies so that the purpose for which the Retail Dealerships/LPG Distributorships is given to them do not go in vain.

3.17 The Committee note that most of SC/ST candidates avail Corpus Fund facilities provided by the OMCs for setting up RO dealerships. The Committee are of the view

that for many SCs and STs to own a retail outlet dealership is a big project which require huge capital to set up. Therefore, many of the SCs and STs, except for few educated ones, are not inclined to apply for dealerships/distributorships thinking that they would not be able to run the dealerships/distributorships which involve huge capital investment. The Committee opine that many SCs and STs are still oblivious of the fact that a Corpus Fund Scheme and other assistance are provided by the OMCs to set up dealerships/distributorships. The Committee, therefore, recommend that to attract as many as deserving educated unemployed SC/ST candidates to apply for dealerships/ distributorships, the various assistance, facilities, concessions and especially the Corpus Fund Scheme should be clearly highlighted in the advertisements for inviting applications. The Committee also recommend that the OMCs should clearly spell out and give assurance that SC/ST applicants will be provided all assistance under the Corpus Fund Scheme, if selected, for dealerships/ distributorships.

## CHAPTER – IV

### MISCELLANEOUS

#### **A. Termination/Revival of Dealerships and Distributorships**

4.1 The Committee have been informed that as per the Selling Licence/Dealership/Distributorship Agreement entered into with the dealers/distributors, there is provision for termination of the dealerships/distributorships for violation of any of the clauses like adulteration, keeping the outlet dry, mis-management, induction of unauthorised partner etc. The Marketing Discipline Guidelines (MDG) also provide for termination of the dealership for certain proven malpractices.

4.2 The number of RO dealerships/LPG distributorships terminated during the years 2004-05, 2005-06, 2006-07 and 2007-08 indicating the number of SCs/STs among them is given as under:-

#### **Name of OMC: BPCL**

Year	No. of RO dealership/LPG distributorship terminated					
	RO			LPG		
	Total	SC	ST	Total	SC	ST
2004-05	14	Nil	1	2	0	0
2005-06	42	4	1	6	2	2
2006-07	37	4	1	7	1	0
2007-08	26	3	Nil	21	9	0
<b>Total</b>	<b>119</b>	<b>11</b>	<b>3</b>	<b>36</b>	<b>12</b>	<b>2</b>

#### **Name of OMC: HPCL**

Year	No. of RO dealership/LPG distributorship terminated					
	RO			LPG		
	Total	SC	ST	Total	SC	ST
2004-05	23	6	0	0	0	0
2005-06	28	2	0	0	0	0
2006-07	66	11	2	0	0	0
2007-08	91	13	4	0	0	0
<b>Total</b>	<b>208</b>	<b>32</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Name of OMC: IOC**

Year	No. of RO dealership/LPG distributorship terminated					
	RO			LPG		
	Total	SC	ST	Total	SC	ST
2004-05	52	03	00	9	0	1
2005-06	93	03	02	18	3	1
2006-07	139	11	00	15	5	0
2007-08	68	04	05	24	7	2
<b>Total</b>	<b>352</b>	<b>21</b>	<b>07</b>	<b>66</b>	<b>15</b>	<b>4</b>

4.3 The reasons for termination of dealership/distributorship include proven irregularities/malpractices/adulteration under Marketing Discipline Guidelines as well as violation of terms and conditions of the dealership/distributorship agreement, like keeping the outlet dry, non-performance, unauthorised change of dealership/ distributorship constitution, the death or adjudication as insolvent of the dealer, dissolution of partnership of the dealership firm, liquidation of dealership firm, any partner/dealer convicted of a criminal offence, cancellation of the license issued by the competent authority for storage and sale of petroleum products etc.

4.4 During evidence, the representative of the Ministry explained the procedure while proceeding under the Marketing Discipline Guidelines (MDG) against SCs/STs:

“When it comes to proceeding under the Marketing Discipline Guidelines, we try to protect their interests by ensuring that approval for such action is obtained at a higher level than at the normal level for other distributorships meaning, at the Director’s level – the Director (Marketing) concerned or the Executive Director (Marketing) concerned – he has to satisfy himself that the action proposed under the MDG is only in order. This is done with a view to ensuring that no bias, even on paper, is come across in dealing with such Distributorship and Dealership”

4.5 In reply to a query as to whether there is a provision for revival of dealership/distributorship, it has been stated that as per the guidelines, revival of RO dealership shall not be allowed in the case of those dealerships terminated on account of malpractices/irregularities/breach of dealership agreements/violation of Marketing Discipline Guidelines

(MDG). This ban will not, however come in the way of consideration of/decision on appeal which may be made by the terminated dealerships under the provision of MDG.

4.6 When asked about the number of terminated RO dealerships/LPG distributorships that have been revived and the number of them which belong to SCs and STs, the following information has been furnished by the Ministry:

**Name of OMC: BPCL**

Year	No. of terminated RO dealerships/LPG distributorships revived by OMCs					
	RO			LPG		
	Total	SC	ST	Total	SC	ST
2004-05	0	0	0	0	0	0
2005-06	1	0	0	0	0	0
2006-07	1	0	0	0	0	0
2007-08	1	0	0	3	2	1
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>2</b>	<b>1</b>

**Name of OMC: HPCL**

Year	No. of terminated RO dealerships/LPG distributorships revived by OMCs					
	RO			LPG		
	Total	SC	ST	Total	SC	ST
2004-05	0	0	0	0	0	0
2005-06	0	0	0	0	0	0
2006-07	0	0	0	0	0	0
2007-08	4	0	0	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Name of OMC: IOC

Year	No. of terminated RO dealerships/LPG distributorships revived by OMCs					
	RO			LPG		
	Total	SC	ST	Total	SC	ST
2004-05	0	0	0	1	0	0
2005-06	0	0	0	0	0	0
2006-07	4	0	0	1	0	0
2007-08	5	0	0	2	0	1
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>1</b>

4.7 When asked to state what action is taken to replace the terminated dealerships/distributorships, it has been stated that new dealerships/distributorships under the same category is selected against the terminated dealerships/distributorships as per the normal dealer selection process.

**4.8 The Committee note that there is provision for termination of the dealership/distributorship if there is violation of any of the clauses like adulteration, keeping the outlet dry, mismanagement, induction of unauthorized partner, etc. in the Selling Licence Dealership/Distributorship Agreement entered into with the dealers/distributors. The Committee also note that as per the guidelines, revival of RO Dealership shall not be allowed in case of those Dealerships terminated on account of malpractices/irregularities/breach of dealership agreements/violation of Marketing Discipline Guidelines (MDG). It has, however, been observed that an appeal can be made by the terminated Dealership under the provision of MDG.**

4.9 During the years 2004-05 to 2007-08, BPCL had terminated a total of 119 RO Dealerships out of which 11 belonged to SCs and 3 to STs. During the same period, BPCL revived a total of 3 RO Dealerships but it did not include the Dealerships

belonging to SCs and STs. Similarly, during the years 2004-05 to 2007-08, BPCL had terminated a total of 36 LPG Distributorships, out of which 12 belonged to SCs and 2 to STs. However, the Committee note that only 3 LPG Distributorships have been revived out of which two belonged to SCs and one to ST respectively. In case of HPCL, the total number of RO Dealerships terminated during the years 2004-05 to 2007-08 is 208 out of which 32 RO Dealerships belong to SCs and 6 to STs. A total of 4 RO Dealerships had been revived by HPCL during the same period but none belonged to SCs and STs. In regard to the LPG Distributorships, HPCL does not seem to have any problem as it did not terminate any Distributorship during the said period. The Committee observe that in case of IOC the total number of terminated RO Dealerships during the same period is 352 which included 21 belonging to SCs and 7 to STs. The number of revived RO Dealerships is only 9 but it does not include RO Dealerships owned by SCs/STs. A total of 66 LPG Distributorships were terminated by IOC during the years 2004-05 to 2007-08 out of which 15 belonged to SCs and 4 to STs.

4.10 On analysis, it is observed that 10.09% and 2.52% of RO Dealerships belonging to SCs and STs respectively had been terminated by BPCL. The RO Dealerships terminated by HPCL included 15.38% belonging to SCs and 2.88% belonging to STs. The percentage of termination of RO Dealerships belonging to SCs and STs by IOC is 5.96% and 1.98% respectively. The position of termination in case of LPG Distributorships is worse. BPCL has terminated 33.33% of SC Distributorships whereas IOC has terminated 22.78% of SC Distributorships. In case of STs, the percentage of LPG Distributorships terminated by BPCL and IOC is comparatively low. The Committee strongly feel that the number of RO Dealerships and LPG Distributorships terminated in case of SCs and STs are quite overwhelming while the

number of cases revived after review is very dismal. The Committee are aware of the fact that on some pretext or other, SC/ST Retail Dealers/LPG Distributors have been put to great inconvenience just because they belong to SC/ST communities. In such circumstances, it is very hard to agree with the representative of the Ministry when he asserted that OMCs try to protect the interest of SCs and STs by ensuring that approval for action against them is obtained at a higher level. Had there been no prejudice, there should not be such a high number of termination of RO Dealerships and LPG Distributorships belonging to SCs and STs. The Committee view that the yardsticks used to terminate cases of SCs and STs are not without prejudice. If the whole process of termination is free from discrimination and manipulation then some bottlenecks would be created to stall revival of Dealerships/Distributorships. The Committee are of the view that if the purpose of allotting RO Dealerships/LPG Distributorships is to help the socio-economic development of SCs and STs, termination of Dealerships/Distributorships belonging to SCs and STs on mere accusation should not happen. The Committee feel that it should be the responsibility of OMCs to help the SC/ST Dealers/Distributors to become self sufficient. The Committee, therefore, urge upon OMCs that before resorting to termination of Dealerships belonging to SCs and STs for alleged violation of any provision as per the Selling Licence Dealership/Distributorship agreement or Marketing Discipline Guidelines, proper investigation should be carried out at the highest level with a room for an appeal by the accused even to the Ministry. If appeal is made by the accused, his plea should also be investigated thoroughly so that full justice is meted out to all concerned. However, if during the investigation, the allegation against SC/ST RO Dealership/LPG Distributorship is proven to be true, they should be given time to

**amend their shortcomings with a stern warning in the first instance. If the warning is not heeded, hefty fine should be imposed in the second instance with a warning for suspension and in the third instance with a dire consequence of termination. The Committee, therefore, recommend that OMCs should resort to termination of Dealerships/Distributorships belonging to SCs and STs only after proper investigation by non-partisan officer is carried out both under Selling Licence/ Dealership/Distributorship agreement and Marketing Discipline Guidelines and that the grounds of allegations are found to be valid and duly approved by the highest authority. Otherwise, it should never be resorted to on flimsy grounds of allegations/complaints and without proper investigation.**

#### **B. Maintenance of Rosters and Liaison Officer**

4.11 The Committee have been informed that a 100 point roster is maintained with regard to allotment of retail outlets to Scheduled Castes and Scheduled Tribes as well as other reserved categories. The Committee were also informed reservations for various categories are fulfilled by Oil companies while preparing the State-wise marketing plan for potential retail outlets. For RO dealerships, 100 point roster is maintained by State Office/Area Marketing Managers' Office /Zonal Offices of OMCs and each OMC has its own State-wise roster. In respect of LPG distributorships, roster is maintained State-wise on industry basis.

4.12 When specifically asked whether Liaison Officer has been appointed in each OMC and whether he inspects the roster, it has been replied in their post-evidence reply by the Ministry that there is no specific Liaison Officer appointed in OMCs to inspect the roster. However, an Officer in the Ministry has been assigned the responsibility of inspecting roster maintained by OMCs for reservation of SCs/STs. It has been observed by the concerned officer that OMCs

are maintaining proper 100 point State-wise roster for allotment of dealerships/distributorships under which 25% reservation is provided for SCs/STs.

**4.13** During evidence, the Secretary, Ministry of Petroleum and Natural Gas had also stated:

"We have nominated a senior officer of the Ministry this week who will be checking the roster on an annual basis in the first week of April every year to ensure that what has been agreed upon is complied with and acted upon by the captains of the oil industry. This action has already been complied with by the Ministry."

**4.14** **The Committee note that a 100 point roster is maintained by the OMCs in allotment of retail outlets to Scheduled Castes and Scheduled Tribes and other reserved categories. The Committee, however, note that no specific Liaison Officer has been appointed in OMCs to inspect the roster. The Committee find it strange that only recently a senior officer of the Ministry has been nominated to check the roster maintained by OMCs for reservation of SCs/STs in allotment of Retail Outlets to SCs/STs. The Committee view this as laxity on the part of the Government in discharge of its duties and strongly condemn the casual approach of the Ministry towards welfare of SCs and STs. The Committee view the roster as a very important document as far as the welfare and interest of SCs and STs are concerned as it determines the points at which allotment of Retail Outlets and LPG distributorships for SCs and STs have to be placed. Even, slight miscalculation of roster points and wrong placement of reserved points in the roster may cause very dear for the SC/ST people. The Committee, therefore, urge the Government and OMCs to treat the roster as a very important document. It is, therefore, required to appoint a Liaison Officer not only in the Ministry but also in each OMC to ensure proper implementation of the reservation orders and to regularly inspect rosters maintained by the OMCs to ensure**

that they are maintained in accordance with the rules laid down for the purpose. After every inspection, rosters should be signed and stamped. The Committee, therefore, recommend that each OMC should nominate a Liaison Officer who will ensure that the prescribed percentage of SC/ST is maintained in each OMC. The Committee also recommend that Liaison Officer in the Ministry should inspect the rosters maintained by the OMCs regularly and the record of inspection and inspection reports are maintained. Cases of negligence or lapses in the matter of following reservation should be submitted to the Secretary of the Ministry and also Heads of OMCs for direction. The Committee also desire that to ensure compliance by the OMCs, compliance reports should be furnished to the Ministry within a month of the inspection.

4.15 The Committee are also in the dark as to how the rosters used for allotment of LPG distributorships are maintained State-wise on industry basis. The Committee should be apprised as to why rosters for LPG Distributorship are maintained on industry basis.

### **C. Complaints/grievances**

4.16 The Committee have been informed that selection guidelines of the Oil Companies contain grievance redressal mechanism for taking care of various complaints/grievances related to selection of dealers/distributors. Complaints against selection of Dealership/ Distributorship, as and when received in the Government, are investigated through the mechanism available in the OMCs and remedial actions are taken, including action against erring officials, if the complaints are established.

4.17 In the post evidence replies, it was informed that as per the guidelines adopted by OMCs, complaints regarding selection of dealers/distributors have to be submitted to the concerned OMC within 30 days from the day of publication of the results. The complaints can also be lodged through the website. On receipt of the complaint, the complainant is advised to furnish verifiable facts/ additional material if any to substantiate his allegations. The complaints are screened and those having prima-facie merit are investigated and the competent authority disposes the said complaints. The complainants are informed of the decision in writing.

4.18 The number of complaints on selection of RO Dealerships/LPG Distributorships received and disposed of in respect of locations reserved for SC/ST categories is given at **Appendix-‘C’**.

4.19 In their post evidence replies, the Ministry have informed that the main complaints received are regarding allegations of submission of false certificates/information by selected candidates. Actions against erring officers are taken in established cases as per the rules of code of conduct of the concerned OMCs.

4.20 It has also been stated that in some serious cases, inquiry is also done through the Chief Vigilance Officers (CVOs) of the OMCs. Time period for completion of such investigations varies depending upon the nature of allegations. The number of complaints regarding selection of dealers/distributors investigated by Chief Vigilance Officers of OMCs during 2004-05, 2005-06, 2006-07 and 2007-08 is given at **Appendix-‘D’**.

4.21 During evidence, the Committee questioned about the grievance redressal mechanism and apprised of various grievances/complaints of SC/ST people in regard to selection of R.O. Dealerships/LPG Distributorships, delay in commissioning and unfair treatment meted out to them by the officials of the OMCs etc. The Committee also highlighted the facts that no

weightage is given to 80 or 90 percent of complaints made by SC/ST petrol pump owners. It was also pointed out that the mentality of the society has not changed till now as petrol or diesel is not purchased from the petrol pumps belonging to SCs and STs. Rather they are threatened, not paid for petrol or diesel and at times, they are even beaten up. Efforts are also made by some people to get their petrol pumps closed and some times even get these terminated since they do not have access to the Ministry. One such case has come from Punjab and a large number of such complaints are also received from various parts of the country. When such representations are forwarded to the Ministry for comments a lot of time is taken to furnish the reply by the Government. The poor SC/ST people cannot go to court because they do not have enough money. In reply, the Secretary, Ministry of Petroleum and Natural Gas stated,

“.....the next point that was raised about the grievance redressal mechanism. Grievances related to selection. Somebody saying even after my fulfilling the criteria B has been selected, secondly I was allotted 3 years ago but I have not been able to commission it and the oil companies are not able to locate site. They come to termination and that I was unfairly treated and so on and so forth. As and when we receive such complaints we give it to the regulator and it is independently investigated and then they give us the report. Based on that report, we recommend to the Company either for termination or for suspension. If the Committee would give us some advice or suggestion, we will definitely be helped in this matter.”

4.22 A representation dated 23.11.2009 addressed to the Hon'ble Minister of Petroleum & Natural Gas was received by the Committee from SC/ST LPG Distributor's Federation, Gujarat, wherein it has been *inter-alia* alleged that frequent inspection is carried out against SC/ST Distributors in comparison to other general Distributors. It has been requested that the frequency of inspection should be the same for all Distributors irrespective of caste and creed.

4.23 The Committee note that complaints regarding selection of dealers/distributors have to be submitted to the concerned OMCs within 30 days from the day of publication of the results. The Committee also note that complaints received are mostly on allegation of submission of false certificates/information by selected candidates. The Committee further note that actions against erring officers are taken in established cases as per rules of conduct of the concerned OMCs and in some serious cases inquiry is also done through the Chief Vigilance Officers (CVOs) of the OMCs even though time period for completion of such investigations varies depending upon the nature of allegations. The Committee note that the nature of action taken on the complaints and against erring officers are not mentioned. However, the Committee have this to say that if allegations of submission of false caste certificates by selected candidates is true, then, it amounts to crime which deserves to be dealt with as per criminal laws. Moreover, candidates getting selected for allotment of dealerships/distributorships by furnishing false caste certificates will deprive the genuine SC/ST candidates of their legitimate right to own a dealership/distributorship. The Committee, therefore, recommend that at the time of selection of candidates all documents including caste certificates should be thoroughly scrutinized so that selection is not made on the basis of false caste certificates. The Committee also stress that a SC/ST member should be included on the Selection Board as already recommended at para 2.22. The Committee, also recommend that even after the operationalisation of the RO Dealership/LPG Distributorship, if it is found that the proprietor has obtained such dealership/ distributorship on the basis of false caste certificate, the OMCs should outrightly cancel his proprietorship and criminal proceedings should be initiated against him. At the same time, action to allott

that Dealership/Distributorship to other eligible SC/ST candidate should be initiated at the earliest.

4.24 The Committee note that quite a large number of complaints/grievances have been received in OMCs in regard to selection of RO Dealerships in locations reserved for SCs and STs. BPCL had received a total of 73 complaints during the period from 2004-05 to 2007-08 and that all complaints are reported to be disposed of. HPCL had received a total of 266 complaints during the same period but 14 complaints are reported to be pending which include 8 complaints pertaining to the year 2004-05. IOC has reported that it received 269 complaints out of which 6 are still pending which include one pertaining to the year 2004-05. In case of LPG Distributorships, BPCL received 7 complaints out of which 3 (including one sub-judice case) from the year 2004-05 are still pending. HPCL received 20 complaints for LPG Distributorship in the year 2007-08 out of which 6 complaints are still to be redressed. The Committee note that IOC received 5 complaints during the period from the year 2004-05 to 2007-08 and all is reported to have been resolved. The Committee are dismayed by the fact that quite a large number of complaints/grievances have been received in respect of RO Dealership and that it is a matter of great concern that complaints/grievances received in the years 2004-05, 2005-06 and 2006-07 were still pending in HPCL and IOC. The Committee would like to know the reason as to why such complaints/grievances are pending for such a long time. The details of all these pending cases mentioned above should be furnished along with action taken on each complaint to the Committee. The Committee also recommend that BPCL and HPCL should furnish the details of pending cases mentioned above along with action taken in each complaint. The Committee should also be provided with the details of complaints/grievances received

during the years 2008-09 to 2009-10 in regard to RO Dealership/LPG Distributorship in respect of locations reserved for SCs/STs.

4.25 The Committee note that complaints regarding selection, delay in commissioning and unfair treatment by the officials of the OMCs and others are given to the regulator who carry out independent investigation and submit the report to the Ministry. Based on this report the Ministry recommend to the Company either for termination or for suspension. Inspite of this arrangement, many SC/ST proprietors of retail outlets and LPG distributorships do not seem to be satisfied with the report of such investigations and write complaints to the Committee requesting for redressal of their grievances. These grievances are against unfair treatment and harassment by Company officials, frequent inspection against SC/ST distributors, delay in commissioning of projects, arbitrary and anti-reservation policies of the OMCs and non-availability of Corpus Fund when required and even threat from unscrupulous elements of the society to close down their RO Dealership/LPG Distributorship or face dire consequences. It is a pity that many SC and ST dealers/distributors instead of getting support and help from the Government are alleged to be victimised by officials of OMCs at the time of investigations. The Committee view the policy of the OMCs to carry out frequent inspection against SC/ST distributors as discriminatory and therefore urge the Government to restrain the OMCs from carrying out frequent inspections against them. The Committee, are, therefore, of the view that if SC/ST owners of petrol pumps and Gas agencies are not satisfied with the report of investigations carried out by regulator, they should be allowed to appeal for a second investigation. The Committee, therefore, recommend that before an approval for termination or suspension of SC/ST dealerships or distributorships is given, the

Ministry should constitute a team to investigate the case afresh in view of the contentious issues raised by the SC/ST dealers/distributors so that justice is meted out to them. Only after such investigations, if the charge is proved then only the Government shall take steps to terminate/suspend the those SC/ST dealerships/distributorships.

4.26 The Committee also urge the Government to give proper attention to the problems faced by the SC/ST proprietors of petrol pumps and gas agencies. In view of the threats posed by rival operators who resort to unfair trade practices and intimidation by using the service of unscrupulous elements of the society, proper security should be provided to them.

4.27 The Committee further note that complaints on selection of RO dealerships/LPG distributorships received in respect of locations reserved for SCs/STs are also investigated by Chief Vigilance Officer of OMCs. During the years 2004-05, 2005-06, 2006-07 and 2007-08, it has been found that one case in regard to RO Dealership in respect of IOC and one case in regard to LPG Distributorship in respect of BPCL were pending. The Committee desire that the investigation carried out by the CVO of the Company should be expedited and completed within a fixed time period and the outcome of the investigation in those two cases should be intimated to this Committee.

#### **D. Retail outlets and Benami Operations**

4.28 The Committee had asked the Ministry of Petroleum & Natural Gas to furnish separately the total number of Retail Outlets - Petrol and Diesel/LPG and Liquid Diesel Oil Dealership allotted by different Oil companies in various States and Union Territories as on 30.6.2007. They were also asked to indicate the names of Oil companies and the names of

agencies and names of their owners mentioning therein the status of category whether General/SC/ST of such Outlets. The replies as furnished by the Ministry relate to information on the Statewise and OMC wise number of Retail Outlets Dealerships/LPG Distributorships (including RO Dealership/LPG Distributorship belonging to SC/ST category) as on 30.6.2007 since introduction of reservation for SC/ST category. The information on the names of agencies and their owners were not furnished.

4.29 When asked as to why the detailed information as to the names of agencies and owners of Retail Outlets/Dealerships for Petrol/LPG were not furnished, the Ministry in their post-evidence reply have stated that there are approximately 34000 RO Dealerships and 9000 LPG Distributorships belonging to OMCs in the country. The details containing names/partners and address of such RO Dealerships/LPG Distributorships are available with Director (Marketing) of the respective OMCs.

4.30 When specifically asked whether the Ministry are aware that in the name of SCs and STs, the other category of people have been operating RO Dealership/LPG Distributorship throughout the country and whether they have made any survey in this regard, the Ministry in their post-evidence replies have stated that whenever Benami operations are detected and proved, strict action is taken against such Dealership/Distributorship as per the Dealership agreement/MDG, irrespective of the categories under which such Dealerships/Distributorships were allotted. In case of termination, the location will be advertised afresh under the same category. However, it has not been made clear whether any survey in regard to benami operation was carried out.

4.31 In regard to checking the growth of Benami operations, it was stated in their post-evidence reply that OMCs have issued guidelines to the field to ensure that there are no Benami operation/check the growth of Benami operation and necessary monitoring is being

done at the field level. Further, training/counselling is imparted to SC/ST dealers to make them aware of their rights and duties to enable them to properly discharge their responsibilities.

4.32 In regard to action proposed to be taken against the Benami operations, the Committee were also informed that in identified/established cases of Benami operations, necessary action is taken to terminate such RO Dealerships. Subsequently, such locations will be advertised for selection of new Dealers/Distributors under the same category.

4.33 During evidence, the Secretary, Ministry of Petroleum & Natural Gas inter-alia stated:

".....The main observation centered around the manipulation of SC candidates and Benami operations. This has been exercising us. This has been a constant source of concern to us. Whenever we receive grievances of this type, we really deal them with an iron hand to ensure that justice is done and these candidates are not put to any unfair and discriminatory practices. If any instances of Benami operations come to the notice of the Hon'ble Members and if they bring it to our notice, then we would deal with them strictly because this is a noble scheme. This is a responsible scheme which the Government has introduced with the objective of meeting the aspirations of the SCs and STs and if this is going to be fouled up because of certain manipulations of candidates, then this defeats the purpose of the whole objective. We are conscious of this and we will ensure that they are given full justice. "

**4.34 The Committee had specifically asked the Ministry to furnish the total number of RO Dealerships/LPG Distributorships allotted by the various OMCs in various States/UTs along with the names of OMCs, Agencies and Owners mentioning therein also the status of category. The Ministry, however, furnished only the number of RO Dealership and LPG Distributorship allotted by the various OMCs in different States/UTs as also the number of such Dealerships and Distributorships allotted to SC/ST categories. The information in regard to details of names of OMCs, Agencies and owners of RO Dealerships and LPG Distributorships was again sought. However, the information was again not provided on the plea that there are approximately 34000 RO Dealerships and 9000 LPG Distributorships of different OMCs and that the details**

containing names/partners and their addresses are available with Director (Marketing) of the respective OMCs. The Committee are astonished by the casual reply given by the Ministry which implied that the Committee should visit the designated officer of each OMC to examine the list requisitioned by them. The Ministry should take note of the fact that this Parliamentary Committee is also empowered to send for persons, papers and records from the Ministry. The only exception for refusing to produce a document is on the ground that its disclosure could be pre-judicial to the safety and the interest of the State. Submission of details of names of RO Dealerships and LPG Distributorships would definitely not have prejudiced the safety and interest of the State. The plea of the Ministry seems to be an excuse to discourage the Committee from its objective to examine that the allotment made in the names of SC/ST categories was actually done to the genuine SC/ST people and that they are also the actual owners of RO Dealerships/LPG Distributorships. The Committee strongly condemn the deplorable attitude of the Ministry and the OMCs and treating a Parliamentary Committee in disdainful manner.

4.35 The Committee note that OMCs have issued guidelines to field offices to ensure that no benami operations take place. It has also been stated that monitoring is being done at the field level to curb the growth of benami operations. However, the present measures taken by the OMCs do not seem to be enough as it is alleged that many retail outlets and gas agencies allotted in the names of SCs/STs are being run by others. By not providing the detailed information as requisitioned by the Committee, the Ministry and OMCs have provided an opportunity to think that there is definitely some basis in the allegation otherwise why should they make an excuse not to furnish the information. The Committee recommend the Ministry to provide the details

in regard to RO Dealerships/LPG Distributorships allotted in respect of locations reserved for SCs/STs till 2009-10.

4.36 The Committee are also surprised to note that no reply has been given in regard to a query as to whether any survey was conducted in this regard. The Committee are quite apprehensive about the effectiveness of the methodology and procedure adopted by the OMCs to check benami operations. The Committee, therefore, desire that the Government should take serious efforts to check the growth of benami operations. Running of petrol pumps and gas agencies in the name of SC and ST people by others not only deprives many deserving SC/ST people an opportunity to ameliorate their socio-economic conditions, but also reflects the attitude of a handful persons in the society who do not care for the socio-economic development of the SC/ST people. The Committee view it as a serious crime and needs to be dealt under criminal laws. The Committee, therefore, recommend that the Ministry should take an initiative in consultation with the OMCs to constitute a committee to conduct a survey throughout the country to find out the details of every RO Dealerships/LPG Distributorships especially those locations which were allotted to SC/ST people so as to take criminal action against those people who have been indulging in such crime. The Committee should also be asked to find out how the benami operations had occurred and how it can be stopped in future. As soon as it is proved that petrol pumps and gas agencies operated in the names of SC/ST people are not owned by the genuine SC/ST people, action to terminate the same should be taken immediately and FIR should be filed against those persons. At the same time action to allot the same RO Dealership/LPG Distributorship to genuine SC/ST people should be taken without delay. The Committee also recommend that if during the

**survey, involvement of officials of the Ministry and OMCs come to light, stringent action should also be taken against them. The Committee further recommend that the Government should undertake this exercise within one month of the presentation of this report in both the Houses of the Parliament and should also apprise the Committee of the progress made. To check the growth of benami operations, the Committee further recommend that OMCs should make it mandatory for all petrol pumps and gas agencies to display the names of all proprietors alongwith their photographs. A guideline in this regard should be issued to all RO Dealers/LPG Distributors for compliance and in case they fail to comply, stringent action against those proprietors should be taken.**

#### **E. Contracts**

4.37 During evidence, the Committee had wanted to know the types of work which are given on contract. In their written reply, the Ministry have stated that setting up of new Retail Outlets involve Civil, Electrical, Structural works and Tank/Pipeline installation. Contracts for such works are given to the registered contractors based on approved schedule of Rates upto certain value. Jobs estimated above the laid down limit are tendered. The extant guidelines on award of contracts have no provision for reservation to SC/ST candidates. Jobs are generally awarded through competitive process by adhering to numerous guidelines issued by Government/ Central Vigilance Commission from time to time.

4.38 During evidence, the Committee apprised the representatives of the Ministry and OMCs the need to give reservation in award of petty civil contracts associated with setting up of ROs and LPG distributorships and in transportation of petroleum products etc. to SCs/STs so as to empower many educated unemployed SC/ST youths with an alternate mode of employment opportunity. In reply, the Secretary, Ministry of Petroleum and Natural Gas had stated that this

is one subject which requires policy dispensation. He said that contracts are governed under the relevant guidelines and rules framed by the CVC and this has to comply with that requirement. He further stated that once the Committee comes out with this report and communicated the same to them, the attention of the CVC will be invited to this particular recommendation and appeal to him and try to get his concurrence.

**4.39** When the Committee pointed out about the decision taken by Central Public Works Department (CPWD) in award of civil contracts upto Rs.10 Lakhs to Scheduled Castes/ Scheduled Tribes, it was stated by the Secretary, Ministry of Petroleum and Natural Gas that if CPWD have done it, the Ministry can also try. He assured that as soon as the Committee report reaches the Ministry through Lok Sabha, within 30 days the issue will be resolved. As after thought he also added that there is a difference as CPWD is a Department whereas OMCs are commercial undertakings and there are different rules framed by the Central Vigilance Commission (CVC) for adoption by commercial companies and the departments. The Committee were, however, assured of the responsibility of the Government towards Scheduled Caste and Scheduled Tribe sections of the society and for flow of benefits in full to those sections.

**4.40** **The Committee note that works related to setting up of retail outlets are given on contract to registered contractors based on approved schedule of rates upto certain value. However, the extant guidelines on award of contracts have no provision for reservation to SC/ST candidates. The Committee are constrained to note that Ministry have not given any reservation to SCs and STs in allotment of contractual works relating to setting up of retail outlets. The Committee feel that, if the Ministry have been a little bit more concerned about the welfare of SCs and STs, the idea would have struck them long ago. As already opined during evidence that if reservation is**

given to SCs and STs in award of small contracts i.e. Rs.5 lakhs to 10 lakhs it would encourage many educated and unemployed SC/ST youths to take up contract as an alternate mode of employment. Gone are the days when the SC/ST people did not have the capacity to undertake such contracts but now they have come up in life due to education and can afford to avail bank loans to undertake contract works for their livelihood. The Committee, therefore, urge the Ministry that with an eye on social justice and socio-economic development of the SCs and STs, they should revise the extant guidelines on award of contracts and provide reservation in award of small contracts as in the case in Central Public Works Department (CPWD) which provide reservations to SCs/STs in award of small contracts upto Rs.10 lakhs. The Committee, therefore, recommend that as per the assurance given by the representative of the Ministry, the extant guidelines on award of contracts should be revised and reservation be provided to SCs and STs in award of small contracts without any further delay.

New Delhi;  
March, 2010  
Phalgun, 1931(Saka)

(GOBINDA CHANDRA NASKAR)  
Chairman  
Committee on the Welfare of  
Scheduled Castes and  
Scheduled Tribes

**APPENDIX 'A'**

(vide para 3.6)

**Details of working capital loan sanctioned and disbursed under Corpus Fund Scheme for SCs/STs and the number of beneficiaries.**

**Name of OMC: BPCL(RO)**

Sl. No.	Year	Amount earmarked (Rs. in Lakhs)	Actual Amount sanctioned/ released (Rs.in Lakhs)	No. of ST Beneficiaries	No. of SC Beneficiaries
1.	2004-05	538.91	538.91	49	17
2.	2005-06	746.0	746.0	91	18
3.	2006-07	687.13	687.13	82	19
4.	2007-08	815.03	815.03	111	27

**Name of OMC: BPCL (LPG)**

Sl. No.	Year	Amount earmarked (Rs. in Lakhs)	Actual Amount sanctioned/ released (Rs.in Lakhs)	No. of ST Beneficiaries	No. of SC Beneficiaries
1.	2004-05	12.48	12.48	0	8
2.	2005-06	57.96	57.96	0	9
3.	2006-07	3.78	3.78	0	9
4.	2007-08	18.38	18.38	0	12

**Name of OMC: HPCL(RO)**

Sl. No.	Year	Amount earmarked (Rs. in Lakhs)	Actual Amount sanctioned/ released (Rs.in Lakhs)	No. of ST Beneficiaries	No. of SC Beneficiaries
1.	2004-05	273.30	273.30	8	34
2.	2005-06	965.97	965.97	45	86
3.	2006-07	2073.19	2073.19	71	200
4.	2007-08	1487.40	1487.40	46	129

**Name of OMC: HPCL (LPG)**

Sl. No.	Year	Amount earmarked (Rs. in Lakhs)	Actual Amount sanctioned/ released (Rs.in Lakhs)	No. of ST Beneficiaries	No. of SC Beneficiaries
1.	2004-05	11.2	11.92	1	5
2.	2005-06	36.5	36.85	1	15
3.	2006-07	4.34	4.34	0	2
4.	2007-08	2.44	2.4	0	1

**Name of OMC: IOC (RO)**

Sl. No.	Year	Amount earmarked (Rs. in Lakhs)	Actual Amount sanctioned/ released (Rs.in Lakhs)	No. of ST Beneficiaries	No. of SC Beneficiaries
1.	2004-05	755.15	752.67	106	16
2.	2005-06	1418.14	1416.14	154	49
3.	2006-07	1212.43	1214.83	132	36
4.	2007-08	1239.19	1244.00	140	44

**Name of OMC: IOC (LPG)**

Sl. No.	Year	Amount earmarked (Rs. in Lakhs)	Actual Amount sanctioned/ released (Rs.in Lakhs)	No. of ST Beneficiaries	No. of SC Beneficiaries
1.	2004-05	44.93	44.93	5	29
2.	2005-06	34.80	34.80	9	14
3.	2006-07	45.35	45.35	7	21
4.	2007-08	8.7327	8.7327	2	5

**APPENDIX 'B – I'**

(vide para 3.12)

**State-wise numbers of RO dealerships set up under Corpus Fund Scheme****Name of OMC : BPCL****2004-05 to 2007-08**

Sl. No.	State/UT	SC	ST	Widows and women above 40 years of age without earning parents	Allotment made under OVS and erstwhile DQS	Total
1.	Andhra Pradesh	45	13	0	1	59
2.	Bihar	7	1	0	1	9
3.	Chattisgarh	2	6	0	0	8
4.	Gujarat	3	3	0	2	8
5.	Haryana	5	0	0	11	16
6.	Himachal Pradesh	1	1	0	3	5
7.	Jammu & Kashmir	1	0	0	3	4
8.	Jharkhand	1	1	0	1	3
9.	Karnataka	20	9	5	0	34
10.	Kerala	28	2	0	0	30
11.	Madhya Pradesh	14	3	0	2	19
12.	Maharashtra	27	17	0	0	44
13.	Orissa	7	6	0	0	13
14.	Punjab	32	0	0	3	35
15.	Rajasthan	24	10	0	7	41
16.	Tamil Nadu	51	2	0	0	53
17.	Uttaranchal	4	0	0	9	13
18.	Uttar Pradesh	41	1	0	17	59
19.	West Bengal	20	6	0	1	27
20.	Delhi	0	0	0	3	3
	<b>Total</b>	<b>333</b>	<b>81</b>	<b>5</b>	<b>64</b>	<b>483</b>

**APPENDIX 'B – II'****Name of OMC : BPCL (LPG distributorships)****2004-05 to 2007-08**

Sl. No.	States/UTs	SC	ST	Widows and women above 40 years of age without earning parents	Allotment made under OVS and erstwhile DQS	Total
1.	Andhra Pradesh	5	5	0	0	10
2.	Assam	0	0	0	0	0
3.	Bihar	6	0	1	0	7
4.	Chandigarh	0	0	0	0	0
5.	Chhatisgarh	0	0	0	0	0
6.	Delhi	0	0	0	0	0
7.	Goa	0	0	0	0	0
8.	Gujarat	5	4	0	0	9
9.	Haryana	5	0	0	3	8
10.	Himachal Pradesh	0	0	0	2	2
11.	Jammu & Kashmir	0	0	0	3	3
12.	Jharkhand	1	3	0	0	4
13.	Karnataka	3	0	0	0	3
14.	Kerala	1	0	0	0	1
15.	Madhya Pradesh	1	0	0	0	1
16.	Maharashtra	2	1	0	0	3
17.	Orissa	4	2	0	0	6
18.	Pondicherry	1	1	0	0	2
19.	Punjab	2	0	0	1	3
20.	Rajasthan	6	0	0	3	9
21.	Tamil Nadu	12	-	1	0	13
22.	Uttar Pradesh	33	1	0	4	38
23.	Uttaranchal	4	0	2	0	6
24.	West Bengal	3	3	0	0	6
	<b>Total</b>	<b>94</b>	<b>20</b>	<b>4</b>	<b>16</b>	<b>134</b>

**APPENDIX 'B – III'****Name of OMC : HPCL****State-wise numbers of RO dealerships set up under Corpus Fund Scheme  
2004-05 to 2007-08**

Sl. No.	States/UTs	SC	ST	Widows and women above 40 years of age without earning parents	Allotment made under OVS and erstwhile DQS	Total
1.	Andhra Pradesh	40	14	0	0	54
2.	Assam	2	4	0	0	6
3.	Bihar	14	0	0	0	14
4.	Chhatisgarh	4	7	0	0	11
5.	Gujarat	12	13	0	0	25
6.	Haryana	19	0	0	0	19
7.	Himachal Pradesh	8	1	0	0	9
8.	Jammu & Kashmir	5	5	0	0	10
9.	Jharkhand	2	13	0	0	15
10.	Karnataka	45	10	0	0	55
11.	Kerala	37	1	0	0	38
12.	Madhya Pradesh	19	21	0	0	40
13.	Maharashtra	13	11	0	0	24
14.	Meghalaya	0	5	0	0	5
15.	Mizoram	0	2	0	0	2
16.	Nagaland	0	1	0	0	1
17.	Orissa	11	4	0	0	15
18.	Punjab	62	0	0	0	62
19.	Rajasthan	45	32	0	0	77
20.	Sikkim	0	1	0	0	1
21.	Tamil Nadu	38	3	0	0	41
22.	Uttaranchal	12	1	0	0	13
23.	Uttar Pradesh	48	2	0	0	50
24.	West Bengal	12	5	0	0	17
25.	Dadra Nagar Haveli	0	2	0	0	2
26.	Delhi	1	0	0	0	1
27.	Pondicherry	3	0	0	0	3
	<b>TOTAL</b>	<b>452</b>	<b>158</b>	<b>0</b>	<b>0</b>	<b>610</b>

**APPENDIX 'B – IV'****Name of OMC: HPCL****State-wise numbers of LPG distributorships set up under Corpus Fund Scheme  
2004-05 to 2007-08**

Sl. No.	States/UTs	SC	ST	Widows and women above 40 years of age without earning parents	Allotment made under OVS and erstwhile DQS	Total
1.	Andhra Pradesh	0	0	0	0	0
2.	Assam	0	0	0	0	0
3.	Bihar	0	0	0	0	0
4.	Chhatisgarh	0	0	0	0	0
5.	Gujarat	0	0	0	0	0
6.	Haryana	0	0	0	0	0
7.	Himachal Pradesh	0	0	0	0	0
8.	Jammu & Kashmir	0	0	0	0	0
9.	Jharkhand	0	0	0	0	0
10.	Karnataka	0	0	0	0	0
11.	Kerala	0	0	0	0	0
12.	Madhya Pradesh	0	0	0	0	0
13.	Maharashtra	1	0	0	0	1
14.	Meghalaya	0	0	0	0	0
15.	Mizoram	0	0	0	0	0
16.	Nagaland	0	0	0	0	0
17.	Orissa	0	0	0	0	0
18.	Punjab	0	0	0	0	0
19.	Rajasthan	0	0	0	0	0
20.	Sikkim	0	0	0	0	0
21.	Tamil Nadu	1	0	0	0	1
22.	Uttaranchal	0	0	0	0	0
23.	Uttar Pradesh	0	0	0	0	0
24.	West Bengal	0	0	0	0	0
25.	Dadra Nagar Haveli	0	0	0	0	0
26.	Delhi	0	0	0	0	0
27.	Pondicherry	0	0	0	0	0
	<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

**APPENDIX 'B – V'****Name of OMC : IOC****State-wise numbers of RO distributorships set up under Corpus Fund Scheme  
2004-05 to 2007-08**

Sl. No.	States/UTs	SC	ST	Widows and women above 40 years of age without earning parents	Allotment made under OVS and erstwhile DQS
1.	Andhra Pradesh	110	53	0	1
2.	Arunachal Pradesh	0	37	0	1
3.	Assam	16	42	0	0
4.	Bihar	73	15	0	5
5.	Chhatisgarh	14	27	0	1
6.	Delhi	10	3	0	6
7.	Goa	0	0	0	0
8.	Gujarat	46	41	1	5
9.	Haryana	58	0	12	27
10.	Himachal Pradesh	19	4	0	16
11.	Jammu & Kashmir	3	1	1	22
12.	Jharkhand	10	30	0	1
13.	Karnataka	87	14	0	3
14.	Kerala	81	6	1	2
15.	Madhya Pradesh	31	35	2	1
16.	Maharashtra	69	57	1	4
17.	Manipur	1	16	0	4
18.	Meghalaya	0	59	0	1
19.	Mizoram	0	16	0	0
20.	Nagaland	0	29	0	2
21.	Orissa	44	40	3	3
22.	Punjab	119	1	14	20
23.	Rajasthan	82	67	14	23
24.	Sikkim	0	2	0	0
25.	Tamil Nadu	167	5	3	0
26.	Tripura	0	6	0	1
27.	Uttar Pradesh	249	2	0	22
28.	Uttaranchal	7	0	0	19
29.	West Bengal	105	29	0	1
	<b>TOTAL</b>	<b>1401</b>	<b>637</b>	<b>52</b>	<b>191</b>

	<b>Union Territories</b>				
30.	Andaman & Nicobar	0	2	0	0
31.	Chandigarh	2	0	0	0
32.	Dadar & Nagar Haveli	0	2	0	0
33.	Daman & Diu	0	1	0	0
34.	Lakshadweep	0	0	0	0
35.	Pondicherry	7	0	0	0
	<b>TOTAL</b>	<b>1410</b>	<b>642</b>	<b>52</b>	<b>191</b>

**APPENDIX 'B – VI'****Name of OMC : IOC****2004-05 to 2007-08****State-wise numbers of LPG distributorships set up under Corpus Fund Scheme**

<b>Sl. No.</b>	<b>States/UTs</b>	<b>SC</b>	<b>ST</b>	<b>Widows and women above 40 years of age without earning parents</b>	<b>Allotment made under OVS and erstwhile DQS</b>	<b>Total</b>
1.	Andhra Pradesh	7	0	0	1	8
2.	Arunachal Pradesh	0	4	0	0	4
3.	Assam	4	5	3	1	13
4.	Bihar	3	1	0	2	6
5.	Chhatisgarh	0	1	0	0	1
6.	Delhi	0	0	0	0	0
7.	Goa	1	0	0	0	1
8.	Gujarat	4	2	0	0	6
9.	Haryana	6	0	0	2	8
10.	Himachal Pradesh	0	0	1	4	5
11.	Jammu & Kashmir	3	0	4	4	11
12.	Jharkhand	1	3	0	0	4
13.	Karnataka	3	1	0	1	5
14.	Kerala	6	2	0	1	9
15.	Madhya Pradesh	4	3	0	0	7
16.	Maharashtra	4	3	0	3	10
17.	Manipur	0	0	0	0	0
18.	Meghalaya	0	0	0	0	0
19.	Mizoram	0	0	0	0	0
20.	Nagaland	0	2	0	0	2
21.	Orissa	1	2	0	1	4
22.	Punjab	2	0	0	3	5
23.	Rajasthan	3	1	0	3	7
24.	Sikkim	0	0	0	0	0
25.	Tamil Nadu	6	1	1	0	8
26.	Tripura	0	1	0	0	1
27.	Uttar Pradesh	21	0	0	2	23
28.	Uttaranchal	1	0	0	2	3
29.	West Bengal	4	1	0	0	5
	<b>TOTAL</b>	<b>84</b>	<b>33</b>	<b>9</b>	<b>30</b>	<b>156</b>

<b>(b) Union Territories</b>						
1.	Andaman & C.N.	0	0	0	0	0
2.	Chandigarh	0	0	0	0	0
3.	Dadar & Nagar Haveli	0	0	0	0	0
4.	Daman & Diu	0	0	0	0	0
5.	Lakshadweep	0	0	0	0	0
6.	Pondicherry	0	0	0	0	0
	<b>(b) TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>All India Total (A+B)</b>	<b>84</b>	<b>33</b>	<b>9</b>	<b>30</b>	<b>156</b>

**APPENDIX 'C'**

(vide para 4.18)

**No. of complaints on selection of RO dealership/LPG distributorship received in respect of locations reserved or SCs/STs**

**Name of OMC: BPCL**

Year	No. of complaints on selection of dealership/distributorship received in respect of locations reserved or SCs/STs				
	RO		LPG		
	SC/ST	No. of pending	SC/ST	No. of pending	
2004-05	29	0	3	1(matter sub-judice)	0
2005-06	33	0	0	0	0
2006-07	05	0	1	0	0
2007-08	06	0	3	2	
<b>Total</b>	<b>73</b>	<b>0</b>	<b>7</b>		<b>3</b>

**Name of OMC: HPCL**

Year	No. of complaints on selection of dealership/distributorship received in respect of locations reserved or SCs/STs				
	RO		LPG		
	SC/ST	No. of pending	SC/ST	No. of pending	
2004-05	80	8	0	0	0
2005-06	142	3	0	0	0
2006-07	30	1	0	0	0
2007-08	14	2	20	6	
<b>Total</b>	<b>266</b>	<b>14</b>	<b>20</b>		<b>6</b>

**Name of OMC: IOCL**

Year	No. of complaints on selection of dealership/distributorship received in respect of locations reserved or SCs/STs				
	RO		LPG		
	SC/ST	No. of pending	SC/ST	No. of pending	
2004-05	112	01	3	0	0
2005-06	115	04	0	0	0
2006-07	38	01	2	0	0
2007-08	04	00	0	0	0
<b>Total</b>	<b>269</b>	<b>06</b>	<b>5</b>		<b>0</b>

**APPENDIX 'D'**

(vide para 4.20)

**No. of complaints on selection of RO dealership/ LPG distributorship received in respect of locations reserved for SCs/STs investigated by CVOs.**

**Name of OMC : BPCL**

Year	No. of complaints on selection of RO dealership/ LPG distributorship received in respect of locations reserved for SCs/STs investigated by CVOs.			
	RO		LPG	
	SC/ST	No. of pending	SC/ST	No. of pending
2004-05	2	Nil	Nil	Nil
2005-06	Nil	Nil	Nil	Nil
2006-07	Nil	Nil	Nil	Nil
2007-08	1	Nil	1	1
<b>Total</b>	<b>3</b>	<b>Nil</b>	<b>1</b>	<b>1</b>

**Name of OMC : HPCL**

Year	No. of complaints on selection of RO dealership/LPG distributorship received in respect of locations reserved for SCs/STs investigated by CVOs.			
	RO		LPG	
	SC/ST	No. of pending	SC/ST	No. of pending
2004-05	9	0	1	0
2005-06	3	0	0	0
2006-07	3	0	0	0
2007-08	3	0	0	0
<b>Total</b>	<b>18</b>	<b>0</b>	<b>1</b>	<b>0</b>

**Name of OMC : IOC**

Year	No. of complaints on selection of RO dealership/ LPG distributorship received in respect of locations reserved for SCs/STs investigated by CVOs.			
	RO		LPG	
	SC/ST	No. of pending	SC/ST	No. of pending
2004-05	01	0	0	0
2005-06	06	0	0	0
2006-07	04	0	0	0
2007-08	03	1	1	0
<b>Total</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>0</b>

**MINUTES**

**COMMITTEE ON THE WELFARE OF SCHEDULED CASTES  
AND SCHEDULED TRIBES  
(2008-2009)**  
**(FOURTEENTH LOK SABHA)**

**SECOND SITTING****(23.05.2008)**

**The Committee sat from 1100 to 1300 hrs. in Room No. '53', Parliament House,  
New Delhi**

**PRESENT**

**Shri Ratilal Kalidas Varma - Chairman**

**MEMBERS*****Lok Sabha***

2. Shri Anandrao Vithoba Adsul
3. Shri Kailash Baitha
4. Shri Ajit Jogi
5. Shri S. Ajaya Kumar
6. Sardar Sukhdev Singh Libra
7. Shri E. Ponnuswamy
8. Shri Ramjilal Suman
9. Shri Chengara Surendran
10. Smt. Krishna Tirath

***Rajya Sabha***

11. Shri Krishan Lal Balmiki
12. Dr. Radhakant Nayak
13. Shri Mahendra Sahni
14. Shri Jesudas Seelam
15. Shri Brij Bhushan Tiwari
16. Miss Anusuya Uikey

**SECRETARIAT**

1. Shri P.K. Misra, Joint Secretary
2. Shri Gopal Singh, Director
3. Smt. Maya Lingi, Under Secretary

**WITNESSES****REPRESENTATIVES OF THE MINISTRY OF PETROLEUM AND NATURAL GAS**

1. Shri M.S. Srinivasan, Secretary
2. Shri S. Sundaresan, Additional Secretary
3. Shri D.N. Narasimha Raju, Joint Secretary

**INDIAN OIL CORPORATION LIMITED**

1. Shri S. Behuria, Chairman
2. Shri B.M. Bansal, Director (P&BD)

**BHARAT PETROLEUM CORPORATION LIMITED**

1. Shri Ashok Sinha, Chairman
2. Shri S.K. Jain, Executive Director (LPG)

**HINDUSTAN PETROLEUM CORPORATION LIMITED**

1. Shri Arun Balakrishnan, Chairman
2. Shri S.P. Chaudhary, Executive Director (Retail)
2. At the outset the Chairman welcomed the representatives of the Ministry of Petroleum and Natural Gas.
3. The Committee then took evidence of the representatives of the Ministry of Petroleum and Natural Gas on the subject "Reservation for Scheduled Castes and Scheduled Tribes in allotment of Gas and Petrol Agencies".
4. The evidence was completed.

(The witnesses then withdrew)

5. A verbatim record of the proceedings was kept.

**The Committee then adjourned.**

**MINUTES**

**COMMITTEE ON THE WELFARE OF SCHEDULED CASTES AND  
SCHEDULED TRIBES  
(2009-2010)**

**(FIFTEENTH LOK SABHA)**

**EIGHTH SITTING**

**(18.12.2009)**

**The Committee sat from 1500 to 1600 hrs. in Committee Room No. 'E', Parliament House Annexe, New Delhi.**

**PRESENT**

**Shri Gobinda Chandra Naskar - Chairman**

**MEMBERS**

**Lok Sabha**

2. Shri M. Anandan
3. Shri Tara Chand Bhagora
4. Shri S.K. Bwiswmuthiary
5. Shri Bhudeo Choudhary
6. Shri Eknath Mahadeo Gaikwad
7. Shri Kamal Kishor 'Commando'
8. Shri Virendra Kumar
9. Shri Baju Ban Riyan
10. Shri Sajjan Singh Verma

**Rajya Sabha**

11. Shri Mukut Mithi
12. Shri D. Raja
13. Shri Praveen Rashtrapal
14. Ms. Sushila Tiriya
15. Miss Anusuiya Uikey

**SECRETARIAT**

1. Dr. R.K. Chadha – Joint Secretary
2. Ms. J.C. Namchyo – Director
3. Smt. Maya Lingi – Deputy Secretary
4. Shri M.L.K. Raja – Under Secretary

At the outset, the Chairman welcomed the Members of the Committee. The Committee then considered the draft report on the subject “Reservation for Scheduled Castes and Scheduled Tribes in Allotment of Gas and Petrol Agencies” and adopted the same with minor modifications.

2. The Committee authorised the Chairman to finalise the Report in the light of consequential changes and present the same to both the Houses of Parliament.
3. The Committee decided to hold their next sitting on the 11<sup>th</sup> January, 2010 at 1300 hrs.

The Committee then adjourned with a vote of thanks to the Chair.

**(Vide para 4 of Introduction)****Summary of conclusions/recommendations contained in the Report**

<b>Sl. No.</b>	<b>Para No.</b>	<b>Conclusions/Recommendations</b>
<b>1.</b>	<b>2.</b>	<b>3.</b>
1.	1.9	<p>The Committee note that since 1977, 25% reservation for SCs/STs is being provided in the allotment of Dealership/Distributorship of petroleum products. Till deregulation of the petroleum sector in 2002, the Ministry prepared 100 point roster in which 25% reservations for SCs/STs was kept. Subsequent to dismantling of Administered Pricing Mechanism (APM) w.e.f. 1.4.2002, the same roster is stated to be continued by Oil Marketing Companies (OMCs). The Committee further note that subsequent to dismantling of APM, the Ministry of Petroleum &amp; Natural Gas has no role in the selection of Dealers/Distributorships of petroleum products except to issue broad policy guidelines on the basis of which the Public Sector OMCs frame their own detailed selection guidelines. It was stated that selection guidelines are implemented after approval by the respective Boards of the OMCs and that the approved guidelines are simply submitted to the Ministry. The Committee also note that to ensure implementation of the guidelines and to get feedback from the OMC it is stated that the Ministry conducts review meetings from time to time. The Committee feel that the present policy has given full freedom to the OMCs in selection of Dealers/Distributors for petroleum products and that submission of guidelines approved by the OMCs to the Ministry and conducting review meetings from time to time do not seem to be sufficient to protect the interests of SCs/STs. The Committee are of firm view that since OMCs are commercial ventures whose main objective is to make profit, the interest of SCs/STs should not be left solely on the Board of OMCs since there is no provision for representation of SC/ST members on the Board of Directors to protect their interest. The Committee are, therefore, of the view that the guidelines prepared and approved by the Board of OMCs should also be vetted and approved by the Ministry before the same are implemented by the OMCs. The Committee recommend that the guidelines for the selection of Dealerships/Distributorships of petroleum products framed and implemented by the OMCs should firstly be vetted and approved by the Ministry before these are implemented by the OMCs so that the interest of SCs/STs are protected in the guidelines.</p>

2. 1.10 The Committee view the selection guidelines adopted by the OMCs as a very important document on setting up Retail Outlets/Dealerships/LPG Distributorships i.e. from selection to operationalisation. The Committee feel that since selection and allotment of Retail Outlets Dealerships/LPG Distributorships are made by the OMCs, it should be the bounden duty of the Government to oversee that all provisions related to reservation as specified in the guidelines are strictly complied by them. The Committee, therefore, recommend that the Government should ask the OMCs to furnish compliance reports on implementation of reservation related matters periodically so that they do not deviate from the guidelines.

3. 2.18 The Committee note that OMCs have freedom in choosing the locations for setting up of RO Dealerships/LPG Distributorship as per their commercial consideration. While finalising a location, it has been stated that sale potential, economic viability as well as strategic locations are the main considerations. After de-regulation for RO Dealerships, each OMC is preparing its own marketing plan and roster independently and that for LPG Distributorship, marketing plan and roster are prepared on industry basis. During evidence, the Committee pointed out that at the time of planning and mapping of sites for setting up of retail outlets (ROs), sites which have potential for earning high revenues are not reserved for SCs and STs but sites which do not give more revenue are reserved for them. The Committee further pointed out that only C category is being reserved whereas A and B categories are not reserved. While the Secretary, Ministry of Petroleum and Natural Gas agreed with the views of the Committee that more than A and B, it is predominantly the C Class which gets allotted and included in the planning stage, yet in the written reply, the Ministry has different version in explaining the same matter. The Committee are perplexed by the ambiguous stance taken by the Ministry. It appears that the Ministry is trying to protect the OMCs even though it has already been admitted by the representative of the Ministry before them that indeed there is a flaw in allotment of ROs at planning stage. The Committee strongly deplore the ambiguous stance taken by the Ministry. The Committee believe that discrimination of SCs and STs at the time of planning and mapping of sites for setting up of retail outlets is not desirable. If prime locations/sites are not reserved for SCs and STs, it would be difficult to expect good turnover from the retail outlets operated by them. The Committee are of the view that if the objective of giving reservation to SCs and STs in allotment of RO Dealerships/LPG Distributorships is to ameliorate their socio-economic conditions, then it should be the duty of the Government to ensure sites

yielding high revenue are also allocated to them. The Committee, therefore, recommend the Government should prevail over the OMCs and ask them to review the whole process of planning and mapping of sites for setting up of ROs which are underway and, if not, in near future to ensure that sites which have potential for earning high revenue are also reserved for SCs and STs.

4. 2.19 The Committee also note that after deregulation of petroleum sector for LPG Distributorships, marketing plan and rosters are prepared on industry basis. It has, however, not been specifically explained the procedure as to how and who undertake the market plan for LPG Distributorship and prepare the roster thereof for the industry. The Committee should, therefore, be apprised of the details of marketing plans for LPG Distributorship of last 5 years, the details of LPG Distributorship earmarked and commissioned in different States and UTs and the share of SCs/STs in this regard.

5. 2.22 The Committee note that selection of RO Dealers/LPG Distributors is done by a Selection Committee comprising 3 officers from concerned OMCs. It has been stated that the Members are appointed wholly from outside the State or from a different Department. The Committee are surprised to note that no specific provision has been made in the directives to include SC/ST Members in the Selection Committee of OMCs. The reason attributed is that in respect of locations reserved for SC/ST categories, candidates belonging to these categories can only apply for such locations and that there is no scope for allegation of bias against candidates belonging to any particular category since SC/ST candidates are not competing with candidates belonging to other categories for reserved locations. The Committee strongly feel that even though only candidates from the reserved communities can compete for locations reserved for them, it is important to ensure that the people applying as SC/ST candidates are genuine and not otherwise. The Committee are aware of the fact that some people have taken advantage of gullible SC/ST people and obtained RO dealership/LPG distributorship in their names only, thereby, hoodwinking the Government in complacency that all is well. The Committee are also very concerned that some people are also obtaining Scheduled Caste/ Scheduled Tribe certificates fraudulently to get an access to benefits given exclusively for SCs and STs. In such circumstances, it is very essential to check the genuineness of SC/ST applicants. It is, therefore, totally wrong on the part of the Ministry to say that in locations reserved for SC/ST category candidates, there would be no scope for allegation of bias since all are reserved category applicants. The Committee, therefore, view that the process of selection should not only be free from all corruption, nepotism and impartiality but that only the genuine

SC/ST candidates apply for the Dealerships/Distributorships reserved for them. The Committee, therefore, view that inclusion of SC/ST Member in the Selection Committee will help in selection of right candidates. The Committee, therefore, recommend that all OMCs should include a member from SC/ST community drawn either from the OMCs or from the Department/Ministry in the Selection Committee constituted for selection of RO Dealers/LPG Distributors reserved for these communities.

6. 2.23 Surprisingly, the Committee note that BPCL has already included a SC/ST Member in the Selection Committee. It is, however, not understood as to why the Ministry of Petroleum & Natural Gas did not ask other OMCs to follow suit in the matter. The Committee, therefore, recommend that the Ministry of Petroleum should ensure that the basic structure in the Dealer selection guidelines of all the OMCs are uniform and that the interests of SCs and STs have been taken care of.

7. 2.32 The Committee note that selection of RO Dealers/Distributors is conducted by the OMCs themselves as per their own guidelines which involves issue of public advertisement, interviews of eligible applicants and field verification. In regard to issue of advertisement when the Committee pointed out that publicity given for selection of SC/ST RO Dealerships and LPG Distributorships does not reach the targeted beneficiaries, the representative of the Ministry had readily agreed to review the whole process of publicity for selection of SC/ST Dealerships/Distributorships so as to ensure that the industry advertises the requisite information in such a way that it reaches the remotest corner of the country. The Committee expect that the verbal assurance given by the representative of the Government would be honoured while advertisements are brought out by the OMCs in the future. The Committee strongly desire that vigorous campaign should be launched especially in the rural areas to educate the rural people of the many advantages of LPG so that more people are induced to use LPG for cooking purposes as also market for opening more LPG distributorship is created in those areas. The Committee, therefore, recommend that wide publicity for use of LPG for cooking purposes should go hand in hand with advertisement for LPG Dealership. Advertisements should be carried out in atleast two leading local vernacular newspapers. The Committee also desire that copies of advertisement for selection of RO Dealership/LPG Distributorship should be provided to members of the Parliamentary Committee on the Welfare of Scheduled Castes and Scheduled Tribes as also to the local councillors/MLAs/MPs of the local area for information. The Committee also desire that ample time should be given to SC/ST applicants, and assistance, if required in filling up the application

should also be provided so that their applications are not rejected due to wrong information furnished out of ignorance.

8. 2.33 The Committee are distressed to note that the information sought by them in regard to delay in announcing the result of an interview conducted by HPCL at Bhopal on 5<sup>th</sup> April 2005 for allocation of RO dealership has not been furnished despite the assurance given by the representative of the Ministry during evidence. The Committee take serious view of the matter and deplore the irresponsibility and contemptuous attitude shown to them. The Committee strongly recommend that the information sought by them should be furnished immediately.

9. 2.37 The Committee are surprised to note that the period of initial allotment for RO Dealership varies from 10 to 15 years depending upon the OMC. The subsequent renewal period also varies from 5 to 10 years. The OMCs might be having different reasons for allotment period for RO Dealership and LPG Distributorship. The Committee, however, feel that as far as the interest of SCs and STs are concerned, all OMCs should have the uniform period of allotment for RO Dealership and LPG Distributorship and renewal option subject to performance. The Committee, therefore, recommend that the action to have uniform initial allotment period of 15 years for Dealership/LPG Distributorship in all OMCs should be initiated so that SCs and STs who have RO Dealership/LPG Distributorship get enough time to settle down in their business. The renewal option should, therefore, be fixed at 10 years subject to satisfactory performance of RO Dealership/LPG Distributorship.

10. 2.40 The Committee note that there is a provision for reservation of 25% to candidates belonging to SC/ST category depending upon the ratio of population of SCs and STs in each State/UT as per census of India. It has been stated that the advantage of consolidated reservation is that in cases where there are no STs in a particular State/UT, the full 25% reservation will go to SCs or vice-versa, instead of some portion of the reservation going to the open category. The Committee appreciate the spirit in extending the full benefit of 25% to either of SC or ST in allotment. In reality though that percentage has not been achieved in almost all States/UTs as is evident from the statements furnished by OMCs. The reason for not maintaining the prescribed percentage in some States/UTs is reported to be that unless exact 100 or exact multiple of 100 Dealerships/Distributorships are planned/ allotted, reservation for various categories (including open category) will not be fully met. The Committee are surprised that no remedy has been thought of despite knowing it fully well that such a problem exists. By mere keeping reservation for SCs/STs at 25% and not translating it into action is simply not acceptable to the Committee. The Committee,

therefore, strongly recommend that OMCs should review the 100 point roster wherever due to less than 100 Dealerships/Distributorships allotment, the prescribed percentage for SC/ST has not been achieved and accordingly give Dealership/Distributorship to SC/ST candidates to cover the deficiency. Action taken in this regard should be apprised within 3 months of presentation of this Report.

11. 3.15 The Committee note that infrastructure facilities including land procurement and development of retail outlets are being carried out by the Oil companies. As already pointed out in para 2.15, there is difficulty in setting up dealerships in respect of SC/ST candidates due to non-availability of suitable lands. The Committee are of the view that unless OMCs scout for and procure suitable lands for RO Dealerships and LPG Distributorships for SCs/STs, the concessions/relaxations will be of no use. The Committee, therefore, urge the Ministry and the OMCs to first get the suitable lands for RO Dealerships/LPG Distributorships for SCs/STs so that concessions/relaxations enumerated in preceding paras will have real meaning.

12. 3.16 The Committee note that since 1992 'Corpus Fund Scheme' is available to members of Scheduled Castes and Scheduled Tribes who are allotted the Dealership/Distributorship to run them. Under the scheme all expenditures on land, infrastructure facilities, etc. for setting up dealerships and distributorships are taken care of by the OMCs concerned and the dealerships/distributorships are handed to them in a ready condition. In addition, the OMCs provide interest bearing working capital loan to dealers/distributors to cover 7 days sale which is to be recovered in 100 monthly installments commencing from the 13<sup>th</sup> month of operation. The Committee appreciate the assistance provided to the SC/ST allottees of RO dealerships and LPG distributorships by the OMCs and feel that it would considerably motivate many SC/ST people to undertake these ventures. The Committee also feel that there is an important factor which is very imperative for the successful operation of these projects. Imparting training for successful running of dealerships and distributorships is important since many SC/ST allottees will generally lack business acumen and if not given proper training the projects will not succeed as desired. The Committee are, therefore, of the view that apart from financial assistance, providing trainings to the SC/ST allottees will be very integral to the success of these noble schemes provided to the SC/ST people for their economic development. The Committee, therefore, recommend that apart from financial assistance, the OMCs should compulsorily provide necessary trainings to SC/ST allottees on running of retail outlets and gas agencies so that the

purpose for which the Retail Dealerships/LPG Distributorships is given to them do not go in vain.

13. 3.17 The Committee note that most of SC/ST candidates avail Corpus Fund facilities provided by the OMCs for setting up RO dealerships. The Committee are of the view that for many SCs and STs to own a retail outlet dealership is a big project which require huge capital to set up. Therefore, many of the SCs and STs, except for few educated ones, are not inclined to apply for dealerships/distributorships thinking that they would not be able to run the dealerships/distributorships which involve huge capital investment. The Committee opine that many SCs and STs are still oblivious of the fact that a Corpus Fund Scheme and other assistance are provided by the OMCs to set up dealerships/distributorships. The Committee, therefore, recommend that to attract as many as deserving educated unemployed SC/ST candidates to apply for dealerships/distributorships, the various assistance, facilities, concessions and especially the Corpus Fund Scheme should be clearly highlighted in the advertisements for inviting applications. The Committee also recommend that the OMCs should clearly spell out and give assurance that SC/ST applicants will be provided all assistance under the Corpus Fund Scheme, if selected, for dealerships/distributorships.

14. 4.8 The Committee note that there is provision for termination of the dealership/ distributorship if there is violation of any of the clauses like adulteration, keeping the outlet dry, mismanagement, induction of unauthorized partner, etc. in the Selling Licence Dealership/Distributorship Agreement entered into with the dealers/ distributors. The Committee also note that as per the guidelines, revival of RO Dealership shall not be allowed in case of those Dealerships terminated on account of malpractices/irregularities/breach of dealership agreements/violation of Marketing Discipline Guidelines (MDG). It has, however, been observed that an appeal can be made by the terminated Dealership under the provision of MDG.

15. 4.9 During the years 2004-05 to 2007-08, BPCL had terminated a total of 119 RO Dealerships out of which 11 belonged to SCs and 3 to STs. During the same period, BPCL revived a total of 3 RO Dealerships but it did not include the Dealerships belonging to SCs and STs. Similarly, during the years 2004-05 to 2007-08, BPCL had terminated a total of 36 LPG Distributorships, out of which 12 belonged to SCs and 2 to STs. However, the Committee note that only 3 LPG Distributorships have been revived out of which two belonged to SCs and one to ST respectively. In case of HPCL, the total number of RO Dealerships terminated during the

years 2004-05 to 2007-08 is 208 out of which 32 RO Dealerships belong to SCs and 6 to STs. A total of 4 RO Dealerships had been revived by HPCL during the same period but none belonged to SCs and STs. In regard to the LPG Distributorships, HPCL does not seem to have any problem as it did not terminate any Distributorship during the said period. The Committee observe that in case of IOC the total number of terminated RO Dealerships during the same period is 352 which included 21 belonging to SCs and 7 to STs. The number of revived RO Dealerships is only 9 but it does not include RO Dealerships owned by SCs/STs. A total of 66 LPG Distributorships were terminated by IOC during the years 2004-05 to 2007-08 out of which 15 belonged to SCs and 4 to STs.

16. 4.10 On analysis, it is observed that 10.09% and 2.52% of RO Dealerships belonging to SCs and STs respectively had been terminated by BPCL. The RO Dealerships terminated by HPCL included 15.38% belonging to SCs and 2.88% belonging to STs. The percentage of termination of RO Dealerships belonging to SCs and STs by IOC is 5.96% and 1.98% respectively. The position of termination in case of LPG Distributorships is worse. BPCL has terminated 33.33% of SC Distributorships whereas IOC has terminated 22.78% of SC Distributorships. In case of STs, the percentage of LPG Distributorships terminated by BPCL and IOC is comparatively low. The Committee strongly feel that the number of RO Dealerships and LPG Distributorships terminated in case of SCs and STs are quite overwhelming while the number of cases revived after review is very dismal. The Committee are aware of the fact that on some pretext or other, SC/ST Retail Dealers/LPG Distributors have been put to great inconvenience just because they belong to SC/ST communities. In such circumstances, it is very hard to agree with the representative of the Ministry when he asserted that OMCs try to protect the interest of SCs and STs by ensuring that approval for action against them is obtained at a higher level. Had there been no prejudice, there should not be such a high number of termination of RO Dealerships and LPG Distributorships belonging to SCs and STs. The Committee view that the yardsticks used to terminate cases of SCs and STs are not without prejudice. If the whole process of termination is free from discrimination and manipulation then some bottlenecks would be created to stall revival of Dealerships/Distributorships. The Committee are of the view that if the purpose of allotting RO Dealerships/LPG Distributorships is to help the socio-economic development of SCs and STs, termination of Dealerships/Distributorships belonging to SCs and STs on mere accusation should not happen. The Committee feel that it should be the responsibility of OMCs to help the SC/ST

Dealers/Distributors to become self sufficient. The Committee, therefore, urge upon OMCs that before resorting to termination of Dealerships belonging to SCs and STs for alleged violation of any provision as per the Selling Licence Dealership/Distributorship agreement or Marketing Discipline Guidelines, proper investigation should be carried out at the highest level with a room for an appeal by the accused even to the Ministry. If appeal is made by the accused, his plea should also be investigated thoroughly so that full justice is meted out to all concerned. However, if during the investigation, the allegation against SC/ST RO Dealership/LPG Distributorship is proven to be true, they should be given time to amend their shortcomings with a stern warning in the first instance. If the warning is not heeded, hefty fine should be imposed in the second instance with a warning for suspension and in the third instance with a dire consequence of termination. The Committee, therefore, recommend that OMCs should resort to termination of Dealerships/Distributorships belonging to SCs and STs only after proper investigation by non-partisan officer is carried out both under Selling Licence/ Dealership/Distributorship agreement and Marketing Discipline Guidelines and that the grounds of allegations are found to be valid and duly approved by the highest authority. Otherwise, it should never be resorted to on flimsy grounds of allegations/complaints and without proper investigation.

17. 4.14 The Committee note that a 100 point roster is maintained by the OMCs in allotment of retail outlets to Scheduled Castes and Scheduled Tribes and other reserved categories. The Committee, however, note that no specific Liaison Officer has been appointed in OMCs to inspect the roster. The Committee find it strange that only recently a senior officer of the Ministry has been nominated to check the roster maintained by OMCs for reservation of SCs/STs in allotment of Retail Outlets to SCs/STs. The Committee view this as laxity on the part of the Government in discharge of its duties and strongly condemn the casual approach of the Ministry towards welfare of SCs and STs. The Committee view the roster as a very important document as far as the welfare and interest of SCs and STs are concerned as it determines the points at which allotment of Retail Outlets and LPG distributorships for SCs and STs have to be placed. Even, slight miscalculation of roster points and wrong placement of reserved points in the roster may cause very dear for the SC/ST people. The Committee, therefore, urge the Government and OMCs to treat the roster as a very important document. It is, therefore, required to appoint a Liaison Officer not only in the Ministry but also in each OMC to ensure proper implementation of the reservation orders and to regularly inspect rosters maintained by the OMCs to ensure that they are maintained in accordance with the rules laid down for the purpose. After every inspection, rosters should be signed and stamped.

The Committee, therefore, recommend that each OMC should nominate a Liaison Officer who will ensure that the prescribed percentage of SC/ST is maintained in each OMC. The Committee also recommend that Liaison Officer in the Ministry should inspect the rosters maintained by the OMCs regularly and the record of inspection and inspection reports are maintained. Cases of negligence or lapses in the matter of following reservation should be submitted to the Secretary of the Ministry and also Heads of OMCs for direction. The Committee also desire that to ensure compliance by the OMCs, compliance reports should be furnished to the Ministry within a month of the inspection.

18. 4.15 The Committee are also in the dark as to how the rosters used for allotment of LPG distributorships are maintained State-wise on industry basis. The Committee should be apprised as to why rosters for LPG Distributorship are maintained on industry basis.

19. 4.23 The Committee note that complaints regarding selection of dealers/distributors have to be submitted to the concerned OMCs within 30 days from the day of publication of the results. The Committee also note that complaints received are mostly on allegation of submission of false certificates/information by selected candidates. The Committee further note that actions against erring officers are taken in established cases as per rules of conduct of the concerned OMCs and in some serious cases inquiry is also done through the Chief Vigilance Officers (CVOs) of the OMCs even though time period for completion of such investigations varies depending upon the nature of allegations. The Committee note that the nature of action taken on the complaints and against erring officers are not mentioned. However, the Committee have this to say that if allegations of submission of false caste certificates by selected candidates is true, then, it amounts to crime which deserves to be dealt with as per criminal laws. Moreover, candidates getting selected for allotment of dealerships/distributorships by furnishing false caste certificates will deprive the genuine SC/ST candidates of their legitimate right to own a dealership/ distributorship. The Committee, therefore, recommend that at the time of selection of candidates all documents including caste certificates should be thoroughly scrutinized so that selection is not made on the basis of false caste certificates. The Committee also stress that a SC/ST member should be included on the Selection Board as already recommended at para 2.22. The Committee, also recommend that even after the operationalisation of the RO Dealership/LPG Distributorship, if it is found that the proprietor has obtained such dealership/ distributorship on the basis of false caste certificate, the OMCs should outrightly cancel his proprietorship and criminal

proceedings should be initiated against him. At the same time, action to allot that Dealership/Distributorship to other eligible SC/ST candidate should be initiated at the earliest.

20. 4.24 The Committee note that quite a large number of complaints/grievances have been received in OMCs in regard to selection of RO Dealerships in locations reserved for SCs and STs. BPCL had received a total of 73 complaints during the period from 2004-05 to 2007-08 and that all complaints are reported to be disposed of. HPCL had received a total of 266 complaints during the same period but 14 complaints are reported to be pending which include 8 complaints pertaining to the year 2004-05. IOC has reported that it received 269 complaints out of which 6 are still pending which include one pertaining to the year 2004-05. In case of LPG Distributorships, BPCL received 7 complaints out of which 3 (including one sub-judice case) from the year 2004-05 are still pending. HPCL received 20 complaints for LPG Distributorship in the year 2007-08 out of which 6 complaints are still to be redressed. The Committee note that IOC received 5 complaints during the period from the year 2004-05 to 2007-08 and all is reported to have been resolved. The Committee are dismayed by the fact that quite a large number of complaints/grievances have been received in respect of RO Dealership and that it is a matter of great concern that complaints/grievances received in the years 2004-05, 2005-06 and 2006-07 were still pending in HPCL and IOC. The Committee would like to know the reason as to why such complaints/grievances are pending for such a long time. The details of all these pending cases mentioned above should be furnished along with action taken on each complaint to the Committee. The Committee also recommend that BPCL and HPCL should furnish the details of pending cases mentioned above along with action taken in each complaint. The Committee should also be provided with the details of complaints/grievances received during the years 2008-09 to 2009-10 in regard to RO Dealership/LPG Distributorship in respect of locations reserved for SCs/STs.

21. 4.25 The Committee note that complaints regarding selection, delay in commissioning and unfair treatment by the officials of the OMCs and others are given to the regulator who carry out independent investigation and submit the report to the Ministry. Based on this report the Ministry recommend to the Company either for termination or for suspension. Inspite of this arrangement, many SC/ST proprietors of retail outlets and LPG distributorships do not seem to be satisfied with the report of such investigations and write complaints to the Committee requesting for redressal of their grievances. These grievances are against unfair treatment and harassment by Company officials, frequent inspection against

SC/ST distributors, delay in commissioning of projects, arbitrary and anti-reservation policies of the OMCs and non-availability of Corpus Fund when required and even threat from unscrupulous elements of the society to close down their RO Dealership/LPG Distributorship or face dire consequences. It is a pity that many SC and ST dealers/distributors instead of getting support and help from the Government are alleged to be victimised by officials of OMCs at the time of investigations. The Committee view the policy of the OMCs to carry out frequent inspection against SC/ST distributors as discriminatory and therefore urge the Government to restrain the OMCs from carrying out frequent inspections against them. The Committee, are, therefore, of the view that if SC/ST owners of petrol pumps and Gas agencies are not satisfied with the report of investigations carried out by regulator, they should be allowed to appeal for a second investigation. The Committee, therefore, recommend that before an approval for termination or suspension of SC/ST dealerships or distributorships is given, the Ministry should constitute a team to investigate the case afresh in view of the contentious issues raised by the SC/ST dealers/distributors so that justice is meted out to them. Only after such investigations, if the charge is proved then only the Government shall take steps to terminate/suspend the those SC/ST dealerships/distributorships.

22. 4.26 The Committee also urge the Government to give proper attention to the problems faced by the SC/ST proprietors of petrol pumps and gas agencies. In view of the threats posed by rival operators who resort to unfair trade practices and intimidation by using the service of unscrupulous elements of the society, proper security should be provided to them.

23. 4.27 The Committee further note that complaints on selection of RO dealerships/LPG distributorships received in respect of locations reserved for SCs/STs are also investigated by Chief Vigilance Officer of OMCs. During the years 2004-05, 2005-06, 2006-07 and 2007-08, it has been found that one case in regard to RO Dealership in respect of IOC and one case in regard to LPG Distributorship in respect of BPCL were pending. The Committee desire that the investigation carried out by the CVO of the Company should be expedited and completed within a fixed time period and the outcome of the investigation in those two cases should be intimated to this Committee.

24. 4.34 The Committee had specifically asked the Ministry to furnish the total number of RO Dealerships/LPG Distributorships allotted by the various OMCs in various States/ UTs along with the names of OMCs, Agencies and Owners mentioning therein also the status of category. The Ministry, however, furnished only the number of RO Dealership and LPG Distributorship allotted by the various OMCs in

different States/UTs as also the number of such Dealerships and Distributorships allotted to SC/ST categories. The information in regard to details of names of OMCs, Agencies and owners of RO Dealerships and LPG Distributorships was again sought. However, the information was again not provided on the plea that there are approximately 34000 RO Dealerships and 9000 LPG Distributorships of different OMCs and that the details containing names/partners and their addresses are available with Director (Marketing) of the respective OMCs. The Committee are astonished by the casual reply given by the Ministry which implied that the Committee should visit the designated officer of each OMC to examine the list requisitioned by them. The Ministry should take note of the fact that this Parliamentary Committee is also empowered to send for persons, papers and records from the Ministry. The only exception for refusing to produce a document is on the ground that its disclosure could be pre-judicial to the safety and the interest of the State. Submission of details of names of RO Dealerships and LPG Distributorships would definitely not have prejudiced the safety and interest of the State. The plea of the Ministry seems to be an excuse to discourage the Committee from its objective to examine that the allotment made in the names of SC/ST categories was actually done to the genuine SC/ST people and that they are also the actual owners of RO Dealerships/LPG Distributorships. The Committee strongly condemn the deplorable attitude of the Ministry and the OMCs and treating a Parliamentary Committee in disdainful manner.

25. 4.35 The Committee note that OMCs have issued guidelines to field offices to ensure that no benami operations take place. It has also been stated that monitoring is being done at the field level to curb the growth of benami operations. However, the present measures taken by the OMCs do not seem to be enough as it is alleged that many retail outlets and gas agencies allotted in the names of SCs/STs are being run by others. By not providing the detailed information as requisitioned by the Committee, the Ministry and OMCs have provided an opportunity to think that there is definitely some basis in the allegation otherwise why should they make an excuse not to furnish the information. The Committee recommend the Ministry to provide the details in regard to RO Dealerships/LPG Distributorships allotted in respect of locations reserved for SCs/STs till 2009-10.

26. 4.36 The Committee are also surprised to note that no reply has been given in regard to a query as to whether any survey was conducted in this regard. The Committee are quite apprehensive about the effectiveness of the methodology and procedure adopted by the OMCs to check benami operations. The Committee, therefore, desire that the Government should take serious efforts to check the

growth of benami operations. Running of petrol pumps and gas agencies in the name of SC and ST people by others not only deprives many deserving SC/ST people an opportunity to ameliorate their socio-economic conditions, but also reflects the attitude of a handful persons in the society who do not care for the socio-economic development of the SC/ST people. The Committee view it as a serious crime and needs to be dealt under criminal laws. The Committee, therefore, recommend that the Ministry should take an initiative in consultation with the OMCs to constitute a committee to conduct a survey throughout the country to find out the details of every RO Dealerships/LPG Distributorships especially those locations which were allotted to SC/ST people so as to take criminal action against those people who have been indulging in such crime. The Committee should also be asked to find out how the benami operations had occurred and how it can be stopped in future. As soon as it is proved that petrol pumps and gas agencies operated in the names of SC/ST people are not owned by the genuine SC/ST people, action to terminate the same should be taken immediately and FIR should be filed against those persons. At the same time action to allot the same RO Dealership/LPG Distributorship to genuine SC/ST people should be taken without delay. The Committee also recommend that if during the survey, involvement of officials of the Ministry and OMCs come to light, stringent action should also be taken against them. The Committee further recommend that the Government should undertake this exercise within one month of the presentation of this report in both the Houses of the Parliament and should also apprise the Committee of the progress made. To check the growth of benami operations, the Committee further recommend that OMCs should make it mandatory for all petrol pumps and gas agencies to display the names of all proprietors alongwith their photographs. A guideline in this regard should be issued to all RO Dealers/LPG Distributors for compliance and in case they fail to comply, stringent action against those proprietors should be taken.

27. 4.40 The Committee note that works related to setting up of retail outlets are given on contract to registered contractors based on approved schedule of rates upto certain value. However, the extant guidelines on award of contracts have no provision for reservation to SC/ST candidates. The Committee are constrained to note that Ministry have not given any reservation to SCs and STs in allotment of contractual works relating to setting up of retail outlets. The Committee feel that, if the Ministry have been a little bit more concerned about the welfare of SCs and STs, the idea would have struck them long ago. As already opined during evidence that if reservation is given to SCs and STs in award of small contracts i.e. Rs.5 lakhs to 10 lakhs it would encourage many educated and unemployed SC/ST youths to take up contract as an alternate

mode of employment. Gone are the days when the SC/ST people did not have the capacity to undertake such contracts but now they have come up in life due to education and can afford to avail bank loans to undertake contract works for their livelihood. The Committee, therefore, urge the Ministry that with an eye on social justice and socio-economic development of the SCs and STs, they should revise the extant guidelines on award of contracts and provide reservation in award of small contracts as in the case in Central Public Works Department (CPWD) which provide reservations to SCs/STs in award of small contracts upto Rs.10 lakhs. The Committee, therefore, recommend that as per the assurance given by the representative of the Ministry, the extant guidelines on award of contracts should be revised and reservation be provided to SCs and STs in award of small contracts without any further delay.