

**14.47 hrs.**

**Title:** Introduction of the Petroleum Regulatory Board Bill, 2002.

MR. CHAIRMAN : We will now take up the Legislative Business. The Petroleum Regulatory Board Bill, 2002 to be introduced.

Shri Ram Naik.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): I beg to move for leave to introduce a Bill to provide for the establishment of the Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas so as to, protect the interests of consumers and entities engaged in specified activities relating to petroleum and petroleum products, ensure uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country, promote competitive markets and for matters connected therewith or incidental thereto.

MR. CHAIRMAN: Motion moved:

"That leave be granted to introduce a Bill to provide for the establishment of the Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas so as to, protect the interests of consumers and entities engaged in specified activities relating to petroleum and petroleum products, ensure uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country, promote competitive markets and for matters connected therewith or incidental thereto."

On this, Shri Varkala Radhakrishnan has something to say.

\*Published in the Gazette of India, Extraordinary, Part-II, Section-2 dated 6.5.2002.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): Madam, I rise to oppose the introduction of this Bill on two grounds. The first one is about the legal necessity. The second one is the legal impediments. As regards the legal necessity, I will submit that the Government have already taken a decision to dismantle the Administered Price Mechanism. They have also decided to completely deregularise the petroleum products. When the Government have taken a final decision, why should there be any interference in the distribution and also marketing of these products. The purpose of the Bill is against all common-sense. This is one thing.

Another thing I would like to point out is this. It is stated that the Board would operate at arm's length from the Central government. It is a wonderful statement. The arm of the Central Government is extending throughout the country. Will the Heaven's fall down, if the Board operates beyond the arm's length of the Central Government? I do not think so. The Board would operate within the arm's length means that it is functioning beyond the arm's length. Is it the way to state the objective of the Statute? A statement like this is not only wonderful but also ridiculous. There is an assurance that the Board would operate at arm's length from the Central Government. The Central Government is omnipotent and omnipresent and its arms would extend throughout the country.

We have already passed a resolution regarding giving protection to consumers. The Consumer Protection Act is here. This House has finally passed it. The main purpose of this legislation is to give protection to the consumers and to the entities as per the provisions of the statute. If that is the case, why should there be a Board? As per the estimate before the House, there would be a recurring expenditure of Rs.7 crore and a non-recurring expenditure of Rs.3 crore. Roughly, the expenditure would be Rs.10 crore per year. This is likely to increase in future. This is only a preliminary estimate. The real estimate would be much more than that. This amount is meant for paying salaries to the Board, etc.

Some retired officers would be operating as members of the Board. Retired bureaucracy would be getting the rest house here. Retired bureaucrats would become the members of this Board. They may enjoy the benefits till the age of 65. In order to provide some employment to the retired bureaucracy, this Act has been brought in with a view to spend Rs.7 crore as recurring expenditure. Not only that, Rs.3 crore is meant for non-recurring expenditure. This amount is likely to go up. What is the purpose of this? The purpose would be served very easily by appointing an officer to look after the affairs of the Board. The office of Controller would be sufficient. Instead of appointing a Controller, they have to put in a Board in the scheme to spend Rs.10 crore of the Exchequer's money. I do not understand the purpose of all this. The Government says that they have deregularised it. They claim that a fantastic thing is, administrative price mechanism has been dismantled. Why should such a Board function? It is quite sufficient that you appoint an officer to look after the affairs of the consumers. The consumer law would protect

consumers' rights. A separate law is not required. We already have the Consumer Protection Act to look after the interests of the consumer. If any violation is committed, there is a Tribunal, which would take action, and compensation would be awarded to the consumers. Hence, this Board is not required.

This is an afterthought of the bureaucracy to find accommodation for retired people to act as members of this Board. So, I oppose it because we already have passed a similar legislation. There is a legal impediment in passing this Bill. Hence, I oppose the introduction of the Bill.

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI RAM NAIK): I am thankful to Shri Varkala Radhakrishnan for bringing out the issues. Since I was finding it very difficult to read his notice - I read it five times - I went to him personally to know exactly as to what he has written. What he has said in his notice is beyond the legislative competence.

He has not explained as to what is beyond the legislative competence of this House. At this stage, the merit of the Bill is not to be discussed, but he has tried to discuss the merit of the Bill. Then, he said that we have passed a similar law in this respect. If a similar law had been passed, then definitely this law also can be passed.

Then, there are two more important aspects about which I would like to draw the attention of the House. The hon. Member asks as to why the Government should interfere in the functioning of the Board. Let me just explain one case. Now, hereafter those who have invested Rs. 2,000 crore in infrastructural activities of the petroleum sector can establish retail outlets, that is, petrol pumps all over India.

SHRI VARKALA RADHAKRISHNAN : Who will be appointing the dealers? ...(*Interruptions*)

SHRI RAM NAIK: Two parties have applied for establishing retail outlets. One party who is qualified wants to establish 5,000 retail outlets all over the country and another party wants to establish 1,700 retail outlets. Where will they establish them? Every new petrol company would like to concentrate only in cities and highways. So, the far-flung areas like Jammu and Kashmir, Assam and even remote areas will not be taken care of. So, we will put a condition that if they want to establish 5,000 petrol pumps, 5 per cent or 10 per cent of them would have to be necessarily set up in the far-flung areas where normally setting up a petrol pump would not be commercially viable. Like that, there would arise so many occasions which have been indicated in the Bill.

MR. CHAIRMAN : The Ministry can also do that.

SHRI RAM NAIK: That is why he has raised another issue about the Board functioning at arms length from the Central Government. As far as possible, the Government should not interfere in this type of administrative work. So, this administrative work will be regulated by the regulator. So, instead of Government doing this work, this is supposed to be done by a Board.

SHRI VARKALA RADHAKRISHNAN (CHIRAYINKIL): You can appoint a person for that. He can look after all these things.

SHRI RAM NAIK: The basic purpose of setting up this Board is that as far as possible this work should not be done by the Government.

The hon. Members can refer to page 18 of the Bill wherein it is stated that the President, having been informed the subject matter of the Petroleum Regulatory Board Bill, 2002, recommends the introduction and consideration of the Petroleum Regulatory Board Bill, 2002 in the House, under article 117 (1) (3) of the Constitution of India. So, this Bill was sent to the President and he has cleared it for introduction and consideration.

Then, I would like to deal with the second aspect also because it has something to do with the Constitution. The Constitution envisages what are the Central subjects and what are the State subjects. Now, in the Seventh Schedule, the Union List clearly says that this is a matter to be regulated by the Centre. Under the Union List, Entry 53 says:

"Regulation and development of oilfields and mineral oil resources; petroleum and petroleum products; other liquids and substances declared by Parliament by law to be dangerously inflammable."

So, it is within the competence of Parliament to legislate on this subject and that is why we have brought this Bill before the House.

I will try to reply in brief to other points which have been raised because they do not go to the root of the constitutionality of the Bill. This Bill will certainly help to develop a competitive market in the country. When more and more parties come, the benefit would reach the consumers. When competition sets in, the service will improve

and even the prices will also be competitive.

These are the basic reasons for which this Bill is being introduced and I do hope that the Bill would be passed when it is taken up for consideration.

MR. CHAIRMAN: The question is:

"That leave be granted to introduce a Bill to provide for the establishment of the Petroleum Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum and petroleum products excluding production of crude oil and natural gas so as to, protect the interests of consumers and entities engaged in specified activities relating to petroleum and petroleum products, ensure uninterrupted and adequate supply of petroleum and petroleum products in all parts of the country, promote competitive markets and for matters connected therewith or incidental thereto."

*The motion was adopted.*

SHRI RAM NAIK: I introduce\* the Bill.

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\*Introduced with the Recommendation of the President.