

Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000

MINISTRY OF PETROLEUM AND NATURAL GAS

ORDER

New Delhi, the 26th April, 2000

G.S.R. 487(E):- In exercise of the powers conferred by section 3 of the Essential Commodities Act, 1955 (10 of 1955), the Central Government hereby makes the following Order, namely:-

1. **Short title and commencement** :- (1) This Order may be called the Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 2000.

(2) It extends to the whole of India.

(3) It shall come into force on the date of its publication in the Official Gazette.

2. **Definitions**: - In this Order, unless the context otherwise requires:-

(a) "Chief Controller of Explosives" shall have the same meaning assigned to it in the Explosives Act, 1884 (4 of 1884);

(b) "Consumer" means a registered person, firm, company, institution, Association of persons, co-operative society or organization, who has been granted liquefied petroleum gas connection or supply, either in Bulk or in cylinder, by a distributor or a Government oil company or a Parallel marketer;

(c) "Cylinder" means a metal container utilized for storing liquefied Petroleum gas conforming to the specifications laid down in Schedules II and III;

(d) "Delivery" means a person engaged by a distributor of a Government Oil Company or a parallel marketer to deliver liquefied Petroleum gas in cylinder to consumers;

(e) "Distributor" means a person, firm, association of Persons Company, Institution, organization or a co-operative society appointed by a Government Oil Company or parallel marketer and engaged in the Business of purchase, sale, of storage for sale of liquefied petroleum Gas in cylinders to consumers on the basis of an agreement with a Government Oil Company or a parallel marketer as the case may be;

(f) "Gas cylinder valve" means a valve which is fitted to a cylinder;

- (1) Bharat Petroleum Corporation Limited
- (2) Bongaigaon Refinery and Petrochemicals Limited
- (3) Cochin Refineries Limited

- (4) Gas Authority of India Limited
- (5) Hindustan Petroleum Corporation Limited,
- (6) Indian Oil Corporation Limited,
- (7) Indo-Burma Petroleum Company Limited,
- (8) Chennai Petroleum Company Limited,
- (9) Nu Aligarh Refinery Limited,
- (10) Oil India Limited
- (11) Oil and Natural Gas Corporation Limited, or
- (12) Any other Government Company or a statutory body or a company Or a firm, declared as such by notification in the Official Gazette, to Be a “Government Oil Company by the Central Government for the Purposes of this Order;

(h) “Indian Standard” shall have the same meaning as assigned to it in Clause (g) of section 2 of the Bureau of Indian Standards Act, 1986(63 Of 1986);

(I) “liquefied petroleum gas (or LPG)” means a mixture of light Hydrocarbons which may include propane, isobutene, normal butane Butylenes etc, which are gaseous at normal ambient temperature and Atmospheric pressure but may be condensed to liquid state at normal Ambient temperature by the application of pressure and which Conforms to Indian Standard specification number IS 4576;

(j) “Parallel marketer” means any persons, firm, company, institution, Association of persons, co-operatives society or organization carrying on any or all of the business of importing, storing, bottling, marketing, distributing and/or selling liquefied petroleum gas under the parallel marketing system;

(k) “parallel marketing system” means the system other than the public distribution system, under which a parallel marketer carries on any or all of the business of importing, storing, bottling, distribution or selling in bulk or in retail, packed or filled in cylinder, liquefied petroleum gas under his own arrangement;

(j) “public distribution system “ means the system of distribution marketing or selling of liquefied petroleum gas by a Government Oil Company at the Government controlled or declared price through a Distribution system approved by the Central or a State Government;

(m) “pressure regulator” means the equipment used for regulating the flow and pressure of liquefied petroleum gas from a cylinder to a gas stove;

(n) “Schedule” means Schedule appended to this Order;

(o) “Seal” means seal put on the cap of the valve of the cylinder for the purpose of sealing a cylinder after it has been filled with liquefied petroleum gas;

(p) “storage point” means the premises licensed by the Chief Controller of Explosives;

(q) “transporter ” means a person authorized by a Government Oil Company parallel marketer or a distributor for transportation of LPG In bulk or in cylinders and also of empty or defective cylinders.

3. Restriction on unauthorized possession supply and consumption of liquefied petroleum gas:-

(1) A person having a connection for liquefied petroleum gas under the Public distribution system, shall not.

(a) possess more than one connection of liquefied petroleum gas granted under the public distribution system;

Provided that the Central Government, or the Chief Executive Officer of Government Oil Company may sanction more than one connection of liquefied petroleum gas under the public distribution system in favour of any person , keeping in view the difficulty and hardship experienced by such person in obtaining supplies of the LPG.

(b) possess or use liquefied petroleum gas filled in cylinder or in bulk unless he has received the supply from a Government Oil Company or a distributor authorized by such Company;

(c) use liquefied petroleum gas for any purpose other than for which the consumer is registered with the distributor of a Government Oil, Company; Provided that the Central Government may by a general or special Order permit the use of liquefied petroleum gas for such other Purposes as, it may, by order, specify;

(2) The supply of liquefied petroleum gas to domestic category consumers shall be made in 14.2 Kg capacity cylinder and to those falling under non- domestic category shall be made in 19 Kg /47.5 Kg capacity cylinder, or in such capacity cylinders as may be notified, by the Central Government from time to time.

(3) No distributor of a Government Oil Company shall supply liquefied petroleum gas filled in cylinder to any person unless he- (a) has been registered and granted a connection for liquefied petroleum gas under the public distribution system , or (b) holds a valid authorization from the Government Oil Company.

(4) No distributor of a Government Oil Company or a parallel marketer, as the case may be , shall commit or cause to commit any of the activities prohibited herein including those specified in Schedule – 1.

4. Restriction on storage and transport of liquefied petroleum gas :-

(1) No person shall:-

(a) fill any cylinder with liquefied petroleum gas or transfer liquefied petroleum gas from one cylinder to another cylinder or from one container to another container unless authorized by the Chief Controller of Explosives;

(b) transport or store a cylinder filled with liquefied petroleum gas except in an upright position;

(c) store or use or cause to be stored or used a cylinder filled with the liquefied petroleum gas except in a cool, dry, well-ventilated and accessible place under cover, away from boilers, open flames, steam pipes or any potential source of heat;

(d) Remove the seal prior to use of the cylinder; Provided that the distributor or his authorized representative or the Delivery person may remove such seal in the presence of the Consumer either for testing, checking or installation of the cylinder;

(e) use cylinder, pressure regulator and gas cylinder valve other than those specified in Schedules II and III

(2) No transporter or delivery person shall deliver or cause to deliver liquefied petroleum gas either in cylinder or in bulk to any person other than the consumer or distributor

5. Restriction on sale or distribution of liquefied petroleum gas below or in excess of the standard weight,- No Government Oil Company, distributor or parallel marketer shall supply, sell or distribute to a consumer liquefied petroleum gas in cylinders which contains less than or in excess of the weight of liquefied petroleum gas specified in the Schedules II and III or as indicated on the cylinder

6. Prohibition on carrying unauthorized business of selling LPG;

No person other than a Government Oil Company, a parallel marketer or a distributor shall be engaged in the business of selling liquefied petroleum gas to the consumer.

7. Possession, supply or sale of liquefied petroleum gas equipments:-

(1) No person shall:-

(a) supply or sell filled or empty cylinder, gas cylinder valve and pressure regulator to any person other than a Government Oil Company or a parallel marketer;

(b) unless authorized by a Government Oil Company or a parallel marketer, supply or sell filled or empty cylinder, gas cylinder valve and pressure regulator to any person other than a consumer;

(c) possesses filled or empty cylinder, valve or pressure regulator, unless he is a distributor or a consumer.

(2) Every manufacturer of cylinder, gas cylinder valve and pressure regulator shall destroy by crushing those cylinders, cylinder valves and pressure regulators which do not conform to the Indian Standard.

8. Display of stock and price of liquefied petroleum gas :- Every distributor shall permanently display the stock and price of the liquefied petroleum gas at a conspicuous place of the business premises including the storage point, showing:-

(i) the opening balance of filled, empty and defective cylinders and regulators;

(ii) the backlog of preceding working day of the filled cylinders to be supplied.

9. Procurement, storage and sale of liquefied petroleum gas by a distributor:-

(a) No distributor having stock of liquefied petroleum gas at the business premises, including storage point shall unless otherwise directed by a Government Oil Company or a parallel marketeer refuse to sell LPG on any working day during working hours to the consumer registered with that distributor.

(b) No distributor shall keep his business premises including the storage point closed during working hours on any working day without the prior written permission of the Government Oil Company or the parallel marketeer.

Explanation :- For the purposes of sub-clauses (a) and (b), the expression working hours means the working hours fixed by the concerned Government Oil Company or the parallel marketeer in accordance with the provisions of the Shops and Establishments Act and the rules made thereunder, as in force in the respective States or the Union territories as the case may be.

(c) Every distributor shall take steps to ensure that stocks of liquefied petroleum gas are available at the business premises, including the storage point, at all times.

(d) No distributor shall sell liquefied petroleum as at a higher price, than that fixed by the Government Oil Company or the parallel marketeer.

(e) No distributor shall without prior written permission of the concerned Government Oil Company, refuse to make home delivery at the address of the consumer, as registered with the distributor.

Provided that the State Government may fix additional charges for home delivery of LPG cylinders to the consumers, as it may deem necessary in view of the geographical terrain and/or the distance in the area of distribution.

(f) Every distributor shall display the working hours prominently at the place of business including the place of storage on a conspicuous place.

10. Maintenance of register, account books by a distributor:-

(a) Every distributor shall maintain proper accounts of daily purchase, sale and storage of liquefied petroleum gas at the business premises indicating therein.

(i) the opening stock of the filled, empty and defective cylinder,

(ii) the number of filled, empty and defective cylinders received during the . day.

(iii) the closing stock of the filled, empty and defective cylinder.

(iv) Such other relevant particulars as the concerned Government Oil Company or the parallel marketer may by order in writing specify.

(b) The distributor shall maintain a register giving the details of names and Addresses of the persons registered for obtaining liquefied petroleum gas connection.

11. Assessment and Certification Rating of parallel marketers:-

(1), (a) No parallel marketer shall commence any activity such as importing, strong transporting, bottling marketing, distribution sale or any activity incidental thereto, relating to the business of liquefied petroleum gas without obtaining a rating certificate, for his capability, infrastructure network and readiness to carry out professed business and deliver goods and services promised, provision for adequate safely backup for transport ion accident relief during transportation, and attending to emergency complaints of consumers by an agency given in Schedule-IV, on the basis of its evaluation and rating.

(b) The rating certificate shall be issued in the format as specified in Schedule-V, and as per the forwarding letter give in Schedule-VI.

(c) The rating certificate shall—

(i) be valid for a period of two years in case of good and satisfactory’ and one year in case of other ratings from the date of its issue, and

(ii) require renewal by the rating agency.

(2) Every parallel marketeer announcing details of his activity or inviting offers of any kind in the field of import, transport, marketing , bottling, distribution or sale of liquefied petroleum gas, either in a newspaper, handout, pamphlet, leaflet or by any other means of communication or advertising shall indicate the rating awarded to him inwords i.e. Good, satisfactory, Low-risk, whichever is applicable, and prominently publish the rating certificate as given by the selling agency.

(3) There shall be paid in respect of every application to a rating agency.

(i) for the rating certificate awarded to the parallel marketeer a fee at the rate of 0.05% of the project cost subject to a minimum of rupees fifty thousand and maximum of rupees ten lakhs, and

(ii) for the renewal of the rating certificate by the parallel marketeer, a fee of one tenth of that required to be paid for such a certificate.

(iii) The renewal of rating certificate by the parallel marketeer shall be as per the following periodicity, namely:

(a) once in two years, for those having 'good' and 'satisfactory' rating certificate in the previous year.

(b) once in a year for those having rating certificate other than 'good' and 'satisfactory' in the previous year.

(4) The agencies given in Schedule-IV for the purpose of evaluation shall on payment of fee by the parallel marketeer, evaluate the parallel marketeer whose case is either referred to it or who approaches it, on the basis of the parameters indicated and the information provided by such parallel marketeer in the format as specified in Schedule-VII or such other information as may be required by the rating agency.

(5) Every parallel marketeer shall file a certified true copy of the certificate of rating with the Ministry of Petroleum and Natural Gas, Oil Coordination Committee, Ministry of Food and Civil Supplies of the Central and the State Government and Collector of the District in which he imports, transports, bottles, markets, distributes or sells liquefied petroleum gas.

(6) All letterheads or communications of a parallel marketeer shall have the following description of rating:-

(i) Name of the rating agency.

(ii) Rating awarded to him and

(iii) Date of issue.

(7) No parallel marketeer shall either give incomplete, incorrect, misleading, vague information in the newspaper, handout, pamphlet, leaflet or advertisement or submit such information to the rating agency.

Provided that a parallel marketeer carrying on the business of transportation marketing distribution or selling of liquefied petroleum gas as an agent of another parallel

marketeer, who has obtained a rating certificate, shall not be required to obtain a rating certificate.

Explanation: For the purpose of this clause, a parallel marketeer shall be regarded as an agent of another parallel marketeer if the former is appointed an agent for the above purpose by the latter through a legal instrument.

12 Maintenance of record and furnishing of information by parallel marketeer:-

(a) Every parallel marketeer before commencing the import, transportation, bottling , marketing, distribution or sale of liquefied petroleum gas shall intimate to the Ministry of Petroleum and Natural Gas all or any of the above activities which he intends to undertake, specifying therein capability to do so, and any other relevant particulars

(b) The parallel marketeer shall ensure that the quality checks are carried out and the liquefied petroleum gas meets the BIS specification number IS 4576, in all respects before the imported liquefied petroleum gas is discharged into the storage infrastructure at the port.

(c) The parallel marketer shall ensure that the liquefied petroleum gas meets the BIS specification number IS 4576 before it is sold to any consumer.

(d) The parallel marketeer of liquefied petroleum gas shall submit a monthly return before the 15th day of the following month giving details of liquefied petroleum gas produced and or imported port-wise, to the Ministry of Petroleum and Natural Gas.

(e) The Parallel marketer shall furnish to the Ministry of Petroleum and Natural Gas, or to such authority as may be specified by the Central Government, such information as may be required.

13 Power of entry, search and seizure:-

(1) Any officer of the Central or the State Government not below the rank of inspector duly authorized by a general or a special order, by the Central Government or the State Government, as the case may be or any officer of a Government Oil Company not below the rank of Sales Officer, authorized by the Central Government, may with a view to securing due compliance of this Order or any other order made there under.

(a) Stop and search any vessel or vehicle used or capable of being used for the transport or storage of any petroleum product.

(b) Enter and search any place.

(c) seize stocks of liquefied petroleum gas along with container and/or equipments, such as cylinders, gas cylinder valves, pressure regulators and seals in respect of which he has reason to believe that a contravention of this Order has been or is being or is about to be made.

(2) The sales officer of a Government Oil Company shall be authorized to secure compliance of this Order by the distributors appointed under the public distribution system and or by the consumer registered by them.

14 Overriding effect of the Order:- The provisions of this Order shall have overriding effect notwithstanding anything contained in any Order made by a State Government or a Union Territory Administration.

15. Power to exempt: - The Central Government may, if it considers necessary, for avoiding any hardship or in consideration of the public interest, by a notification in the Official Gazette exempt any person or class of persons from all or any of the provisions of this Order, either generally or for any specific purpose and subject to such conditions as may be specified in the notification.

16. Repeal and Saving:-

The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 1993 is hereby repealed.

Provided that such repeal shall not effect. the previous operation of the said Order or anything duly done or suffered therein or ny right, privilege, obligation or liability acquired, accrued or incurred under the said Order: or any penalty, forfeiture or punishment incurred in respect of any offence committed against the said Order or any investigation, legal proceedings or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid.

And any such investigation legal proceeding or remedy may be instituted continued or enforced and any such penalty, forfeiture or punishment may be imposed as if the said Order had not been repealed.

Schedule-I
(see Clauses 3(4))

Prohibited Activities
(for Government Oil Companies)

1. Forced sale of Stove/Hotplates to the consumers.
2. Recovery of unauthorized charges from applicant at the time of registration/release of new connection.
3. Supply of partially used cylinder/pilfering product from cylinder/cylinders with pilfered product to LPG consumer.
4. Unauthorized and/or out of turn release of new LPG connections.
5. Unauthorized diversion of domestic cylinder for non-domestic use of LPG.
6. Acceptance of fake documents including Termination Vouchers and Transfer Termination Vouchers.
7. Possession of spurious LPG equipment.
8. Induction of spurious LPG equipment and/or replacement by spurious equipment.
9. Manipulation of mandatory records.
10. Non-home delivery of LPG refill supplies to consumer and/or not giving rebate on non-home delivery to LPG consumer
11. Overcharging by distributor on LPG refill supplies installation charges, mechanic charges and/or any other charges authorized by the Government Oil Company.
12. Refusal to register requests for new connection and/or double bottle connection.

**Prohibited Activities
(for Parallel Marketeers)**

1. Forced sale of Stove/Hotplates to the consumers.
2. Supply of partially used cylinder/pilfering product from cylinder/cylinder with pilfered product to LPG consumer.

Schedule-III
(See Clauses 4(1)(e) & 5)

(Applicable to Parallel Marketing System)

A Parallel marketer under the parallel marketing system shall deal with and use:-

(a) Cylinder of any size, shape, design and weight other than those specified in Schedule 'II' conforming to Indian Standard Specifications.

(b) Gas Cylinder valve conforming to IS specification 8737 , Part-II of any size having an outlet collar diameter of 22.0 mm.

(c) Pressure regulator conforming to IS specification 9798 of any size and having an inlet diameter other than of 22.0 mm.

NOTE:

1. The cylinder used by a parallel marketer shall be provided with a valve protection ring different in shape from that in the cylinder used by a Government Oil Company.

2. The cylinder used by a parallel marketer shall be clearly marked with Colour Band and logo of their respective company, firm or person marketing liquefied petroleum gas, as approved by the Chief Controller of Explosive.

3. Maximum permissible error on net quantities declared by weight or by volume shall be as below:-

Declared Quantity Maximum Permissible error in Excess in deficiency.

Gm or ml % gm or ml

1000-10000 1.5%

10000-15000 150

more than 15000 1.0%

Schedule-IV
(See clause 11(1)(a) & (4))

Name and address of agencies for evaluation of a Parallel Marketeer.

Name Address.

1. CRISIL Nirlon Hoose, 2nd Floor,
(The Credit Rating Information 254 B, Annie Besant Road,
Services of India Ltd) Worli Bombay-400025.
2. CARE RBC, Mahindra Towers, 5th
(Credit Analysis and Research Ltd.) Floor , Road No. 13 Worli,
Bombay-400018
3. MDRA Secular House, 9/1, Institutional
(Marketing and Development Research Area, Opp. JNU, N.Delhi-67.
Associates)
4. ICRA Kailash Building, 4th Floor
(Investment Information Credit 26, Kasturba Gandhi Marg,
Relating Agency of India Ltd.) New Delhi-1.

Schedule-V
(See Clause 11 (1)(b))
Rating Certificate for the Parallel Marketer.

Date of Issue: _____

Name of Firm/Company

Registered Office Address:

Name of Promoter/Chairman/Managing Director:

Activities:

Particular of Bankers:

Overall Rating _____

Rating Scale

Good

Satisfactory

Low Risk

High Risk

Signature and Seal of the Rating Agency.

Schedule-VI
(See Clause 6(1)(b))
Forwarding letter for the Certificate of rating

To whomsoever it may concern

This is to certify that we have made an evaluation of M/s_____ for the purpose of issuing certificate and rating to them in accordance with the provisions of the Liquefied Petroleum Gas (Regulation of Use in Motor Vehicles), Order 2000.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of issuing this certificate. The certificate issued by us is as a result of our examination of the documents, records and assessment of the information obtained by us and the Evaluation of capability, infrastructures network and readiness to carry out professed business, deliver good and services promised by the parallel marketeer. We are satisfied that the information and particulars received and collected by us are sufficient enough to enable us to evaluate M/s_____ providing the rating as specified.

M/s_____ are awarded _____rating.

Salient facts about M/s_____ are as follows:-

5. Total investment planned.
6. Total investment made up to date.
7. Promoter's equity.
8. Proposed/likely date of commissioning.

Name of the parallel marketeer to be indicated.
(Signature and seal of the Rating Agency)

Schedule-VII
(See Clause 11(4))
Performa of information to be submitted by the Parallel Marketeer for
Evaluation/Rating by the Rating Agency.

PARAMETERS DETAILS

1. Market Standing of the Company:

- A. Constitution of the firm.
- B. Registered Office.
- C. Location & Addresses of Existing Business.
- D. Name of Promoters/Directors/Partners.
- E. Background and full antecedents of Promoters/directors/partners.
- F. Net worth of Promoters/Directors/Partners.
- G. Current Activity
- H. Details of existing operations of the Parallel Marketer And/or his group of companies.
- I. Audited A/cs for three years of the promoter firm and group Concerns with details of promoters constitution.
- J. Working Capital requirement for new Business pertaining to Parallel Marketing with resume of proposed scheme.
- K. Implementation record of typical projects already undertaken, In terms of cost, time, nature of projects and technology involved.
- L. Business plans and projected cash flows.
- M. Sourcing of funds for existing and proposed Business.
- N. Performance of Parallel Marketer in his other group companies For last three years with income tax clearance certificate.

2. Marketing Plans for Liquefied Petroleum Gas:

2.3 Infrastructure for Liquefied Petroleum Gas

Sourcing/Handling:

- . Import Locations identified.
- . Proposed size of import parcels.
- . Status of approvals (Ports/statutory/State Government/Chief Controller Of Explosives/Environment/Milestone achieved with squared with Squared network-local authorities)

Status of Progress.

Details of Technological tie ups, if any.

- . Business proposals/Project Feasibility report, Financial Details and Financial risk analysis.

2.4 Commercial arrangements and/or consortium for Liquefied Petroleum Gas (if own facilities are not planned):

- . Any tie up arrangement finalized with importer.
- . The supporting agreements/documents for such tie up.
- . The quantum of product to be imported with minimum guarantee.
- . Details of Storage & Handling of Product at the import

Location/tie-up agreement.

Fall back arrangement to meet the shortfall in case the tie up arrangement does not materialise.

3. Storage and Distribution arrangement for Liquefied Petroleum Gas

Planned:

- . Details of Storage facilities of Depots/Bottling plants with their capacities.
- . Status of progress on items mentioned above.
- . Plant & Equipment/Technological details.
- . Details of manpower and the arrangement to handle the product.
- . Details of designs and standards to be followed for construction

And operation of these facilities.

Status of approvals for the facilities.

Detail of arrangements for procurement of Cylinders/Valves/Regulators.

Whether the bottling plants are as per safety standards-Oil Industry Safety Directorate 144/169.

4. Arrangement planned to reach the product to consumption Centres/Markets:

- . Details of distributor network planned/already appointed.
- . Details of the basis of distributors appointment.
- . Details of showroom/sales room/office and godown planned/existing along with status of approvals.
- . Details of Distribution arrangement between the distributors godown and the consumer.

5. Product Familiarity Training and Provision for Safety:

A. Operational knowledge of product (Liquefied Petroleum Gas)

And its handling.

- . The capability and preparedness to meet the safety requirement in Liquefied Petroleum Gas , its transportation and accident relief during transportation.
- . Plans for training the staff and the consumer on safe handling of equipment product.
- . Recruitment policy and standards for the staff.
- . Familiarity with Gas Control Orders, Explosives Rules and other applicable local acts.

6. Marketing Discipline and Guidelines proposed to be adopted:

- . Code of conduct for distributors and delivery men.
- . System to monitor and control adulteration and unauthorized diversion of products.

7. Organization in place/proposed for the parallel marketing of Liquefied Petroleum Gas:

- . Details of Organization Structure.
- . Level of managerial involvement of the promoter.

- . Source of financing the Liquefied Petroleum Gas Parallel marketing including the infrastructure.
- . Any other relevant details which the parallel marketer would like to provide.

8. Financial Commitment:-

- . Total estimated project cost.
- . Planned (phase-wise) resource mobilization.
- . Resources arranged and investment made as on date.
- . Proof of A,B and C above,

Extra Sheets may be used if required:

Date:-----
Signature-----
M/s-----
(Parallel Marketer)
Address-----