

## RAJYA SABHA

Wednesday, the 15th June, 1994/25th Jyaishta, 1916 (Saka)

The House met at eleven of the clock, MR. CHAIRMAN in the Chair.

### OBITUARY REFERENCE

MR. CHAIRMAN: I refer with profound sorrow to the passing away of Dr. Mahipatray M. Mehta, a former Member of the Rajya Sabha from the State of Gujarat on the 27th May, 1994, at Ahmedabad.

Born at Baripada in Orissa in June, 1916, Dr. Mehta had his higher education at Ahmedabad and Bombay. He participated in the country's freedom struggle and was involved in the youth movement.

Dr. Mehta started his career as a Medical practitioner and was Member of the Board of Health in the erstwhile State of Bombay and later in Gujarat. He was also associated with several welfare organisations.

Dr. Mehta was Member of the Rajya Sabha from April 1960 to April 1966. Thereafter, he became Member of Gujarat Legislative Assembly from 1967 to 1971 and was also Member of the Fifth and Seventh Lok Sabhas during 1971—77 and 1980—84 respectively.

In the passing away of Dr. Mahipatray M. Mehta, the country has lost a distinguished Parliamentarian, an eminent physician and a dedicated social worker.

We deeply mourn the passing away of Dr. Mahipatray M. Mehta.

I request Members to rise in their places and observe silence as a mark of respect to the memory of the departed.

*(Hon. Members then stood in silence for one minute)*

MR. CHAIRMAN: Secretary-General will convey to the members of the bereaved family our sense of profound sorrow and deep sympathy.

### ORAL ANSWERS TO QUESTIONS

**Opposition by State Governments for Marketing of LPG and Kerosene by Private Companies**

\*721. SHRI N. GIRI PRASAD:†  
SHRI GURUDAS DAS  
GUPTA:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that a number of State Governments have written to the Central Government against the decision of the latter to allow private companies to market kerosene and LPG without any restrictions; and

(b) if so, the details thereof and Government's reaction thereto?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (CAPT. SATISH SHARMA): (a) and (b) While the Ministry had received a message from the Government of West Bengal in February, 1993, protesting against the introduction of Parallel Marketing of Kerosene and LPG and expressing apprehensions of diversion of kerosene under Public Distribution System (PDS) and subsidised LPG into the open market and requested immediate reversal of the decision, the West Bengal Government has now in April, 1994 issued orders and guidelines to its officials regarding the implementation of Parallel Marketing System in the State.

The Parallel Marketing System enables greater availability of kerosene and LPG in the free market. Necessary safeguards have been taken to prevent diversion of PDS kerosene and subsidised LPG into the Parallel Marketing Network. Parallel Marketing System is now working successfully in different States.

SHRI N. GIRI PRASAD: Sir, it is

†The Question was actually asked on the floor of the House by Shri N. Giri Prasad.

quite clear that our country is going to have two classes of consumers for the same product, and Government is allowing the free market sector to distribute LPG and kerosene. I do not know the difference between the prices in the private sector and the Government agencies. What is the difference and, if there is a difference, how do you classify this difference—because there should be some economic criteria? If the LPG is supplied to the same consumer having the same income base, how do you moderate the benefits to the equal class of people, and what are the Government's policies in this regard?

**CAPT. SATISH SHARMA:** Sir, there is no question of introducing a two-class system here. The only class the Government is concerned about is the vulnerable class, the poorest of the poor. The whole idea behind the parallel marketing system which has been introduced is that the poorest of the poor should get kerosene, which was being diverted. We all know it was being diverted; the hon. Member knows that it was being diverted and it was not reaching the targeted group. To ensure that there is augmentation of supplies not only of kerosene but also of LPG so that more and more people who could afford LPG could switch over from kerosene to LPG so that more and more kerosene would reach the poorest of the poor, the parallel marketing system has been brought about. Already our experience is that wherever the parallel marketing system is working right now, specially I may mention the kerosene is being supplied to the parallel marketing system, the black rate, the premium rate, which was being charged has come down already. I am convinced that as this parallel marketing system of kerosene and LPG progresses in the country, the prices will further go down and the poorest of the poor consumer in the village who is buying kerosene will be the one benefited.

**SHRI N. GIRI PRASAD:** He has not answered a part of my question, that is,

what is the price difference between the private sector and the Government agencies? I have come to know that in the name of premium a large amount of money is being collected by the companies. How do you safeguard the interests of the consumers who are opting for the private sector LPG, particularly? What are the guidelines you have issued with regard to the deposits and also risk control? I also do not know whether they have got proper storage facilities or not. What are the guidelines you have issued in this regard and how do you protect the interests of the consumers from exorbitant exploitation by the private sector, because it is a very scarce commodity? In view of this, what are the steps the Government is going to take to protect at least this new class of consumers?

**CAPT. SATISH SHARMA:** Sir, the information we have gathered so far is, as the Member is aware, the subsidized rate of kerosene is around Rs. 3.50 or less than Rs. 4 per litre. The imported kerosene is selling at prices ranging between Rs. 5.30 and Rs. 5.60 ex-Kandla, Madras and Bombay ports, and retailers are selling this imported kerosene at prices between Rs. 6.50 and Rs. 7.20. When I went to my own constituency where parallel marketing is not in force yet, the feedback from the block level was that they are paying Rs. 9 for the PDS kerosene. What I am trying to illustrate here is that wherever the parallel marketing system is working, already the black rate has come down, and the prices I have just mentioned. The other part of the question which the hon. Member has asked is regarding the steps the Government is taking to seek that the consumers are not exploited through this parallel marketing system, of LPG in particular. The State Governments and the Union Territory Administrations have been advised to prohibit collection of deposits for appointment of dealers/distributors or for LPG connections unless the parallel marketeers have made adequate infrastructural arrangements to undertake marketing of these products.

The field officers of the State Governments at the State level and the coordinators of the oil companies are enquiring into the *bona fides* of these companies. The MRTPC is aware of it, and it is investigating into the cases where complaints have come. So, all necessary steps to safeguard the system are being taken.

**SHRI N.E. BALARAM:** Sir, from the reply given by the hon. Minister, I understand that the West Bengal Government has already written to the concerned Ministry here about its experience in West Bengal. It seems that the parallel system working there is creating a very serious situation there. According to my knowledge, the prices have not come down. It is creating a series of difficulties for the Public Distribution System itself. So, what steps are you going to take, and how are you going to meet the situation arising there due to the operation of the parallel system? It is the Government complaining to you about it, and not a private party. What steps have been taken? It is a very serious issue. That is why I am asking this.

**CAPT. SATISH SHARMA:** Sir, as I mentioned in the answer to the question, the PDS for LPG and kerosene remains untouched. Simultaneously, whatever weakness is there in the PDS, whether or not a report comes from the West Bengal Government or from any other State, we know it from our own experience and we are strengthening on the one hand the PDS and on the other hand simultaneously we are taking necessary steps for parallel marketing.

In that respect, let me share with you, Sir, and with the hon. Member that the State Government of West Bengal, in fact, has come out with a very comprehensive set of guidelines. I am very glad to see that West Bengal has taken a lot of interest in parallel marketing. They are now helping this parallel marketing system through their own package of guidelines which they have issued. I can share with you some of them. On 11-4-94 the State Government of West Bengal

has issued guidelines on parallel marketing, which include that parallel marketeers, dealers do not require any licence under the STO Control Order. However, they are required to obtain storage licence, explosive licence etc. Trade licence is required to be taken from the municipal or panchayat authorities. No dealer of kerosene under the Public Distribution System should be a dealer or distributor of kerosene under parallel marketing which anyway is the policy, but this is a part of the guidelines. They have brought up many other issues to bring about comprehensive guidelines for the parallel marketing system in the State of West Bengal, which are, in fact, basically what the guidelines are in the rest of the country. But the West Bengal Government has taken extra steps, and we appreciate what it has done. ...*(interruptions)*

**SHRI K. RAHMAN KHAN:** I want to know whether the Government is aware that there was a newspaper report that private companies are collecting huge deposits, that some companies have come in, that the public has no information about the companies which have been permitted to get the deposits or about the companies which are in the market, whether the Government is going to take note of it and whether any investigation is going on into this.

**CAPT. SATISH SHARMA:** Sir, information about 150 parallel marketeers has been sent to the Monopolies and Restrictive Trade Practices Commission for investigation and appropriate action. The DG (Investigation and Registration) of the MRTPC has issued notices to 109 parties in the first instance and is making enquiries about them. So, it is not that the MRTPC or the State Government or the Centre or the oil companies are not keeping a watchful eye on the parallel marketing system and particularly on those companies which may be potential but may turn out to be fraudulent companies and are taking advantage of the system. So, everybody is aware of what is

going on. The MRTPC has already given notice. If the investigation comes to the conclusion that some parties, some companies had a fraudulent intent, certainly action will be taken.

**श्री जगदीश प्रसाद माथुर:** प्राइवेट कंपनीज़ के लिये दो तरीके हैं। एक तो आपके सरकारी जो डिपो हैं उनसे देते हैं और दूसरा एल०पी०जी० आपने इम्पोर्ट करने के लिये कहा है। तो मेरा सवाल यह है कि जो इम्पोर्ट करने के लिये एल०पी०जी० की आपने इजाजत दी है वह कितनी कम्पनीज़ है और उनमें कोई विदेशी कम्पनी है या नहीं? उनकी कंडीशंस क्या हैं? इसमें करप्शन के भी केसेज जैसे थे वैसे सामने आए हैं या नहीं क्योंकि मेरी जानकारी है कि सरकारी डिपोज़ के एल०पी०जी० सिल्लेडज़ के ट्रक के ट्रक चलते हैं और ट्रक के ट्रक गायब हो गये। इस प्रकार की घटनाओं को रोकने के लिए और जो डायरेक्टली इम्पोर्ट कर रहे हैं वह कौन सी कम्पनियां हैं और क्या कंडीशंस उन पर आपने लगाई हैं?

**कैप्टन सतीश शर्मा:** यह तो हमारे आनरेबल मैम्बर ने पूरे हाफ-एन-आवर डिसक्शन के प्वाइंट्स रेज़ किये हैं। इसमें इतना समय लग जाएगा इनको समझाने के लिए परंतु जो मुख्य मुद्दे आपने उठाए हैं। All I want to say is that I can acquaint the hon. member with the progress made of the parallel marketing. One hundred and sixty one parties advertised in the Press and 112 parties gave intimation to the Government of India under the relevant Control Order like STO Control Order etc. Out of these 112 parties, 71 are for LPG and 41 for kerosene. Forty six agreements have been signed with IOC, BPC and HPC for import and storage facilities for kerosene and 11 agreements have been signed for LPG with BPC and HPC.

The other point which I want to highlight for the information of the hon. Member is that for the parallel marketers, whether it is a multi-national company or an individual or anybody, no licence is required. They can come in without any licence. In fact, we want to help this parallel marketing system to succeed. We have instructed our oil companies to initially help them for storage and handling etc. It has a double advantage, because we can also keep an eye on

the parallel marketing. Besides that, as I mentioned, our public distribution system, whether for kerosene or for LPG is going to be carried out by our oil companies. We are not allowing them to get directly involved with the parallel marketing. They will stick to it and strengthen their own network of marketing through the public distribution system, which is going on and that is going to continue.

As far as the details which you want about the place from where the...

**श्री जगदीश प्रसाद माथुर:** इम्पोर्ट करने के लिए किस को इजाजत दी है और कितनी मल्टीनेशनल्स हैं?

**कैप्टन सतीश शर्मा:** जो अप-टू-डेट लिस्ट है कि कौन सी कम्पनी कहाँ से... (व्यवधान)

**SHRI JAGDISH PRASAD MATHUR:** How many multinationals are there. I want only that number.

**कैप्टन सतीश शर्मा:** ठीक है, यह खबर मैं आपको पहुंचा दूंगा।

**MR. CHAIRMAN:** He does not have the list now. The Minister will give the list to you.

**SHRI E. BALANANDAN:** Sir, we are talking about the prices. In the parallel marketing system some price is there and in the public distribution system some price is there. I would like to know whether there is any contribution by the Government about the prices. You say 'high price' or low price! How can it be high or low unless there is a stipulation that this should be the price? If some standard price is fixed, then only we can understand whether it is higher or lower.

Secondly, you say are going to enquire. An inquiry can be made only when some kind of stipulation is there that the private sector should sell kerosene or LPG at a certain rate. If it is not there, what is it that he is going to enquire into? Therefore, I would like to know what the guidelines are that you have given to the private sector while doing this. Kindly let us know.

**CAPT. SATISH SHARMA:** Sir, as far as the public distribution system is concerned, of course, the prices are fixed for

kerosene and LPG, but when we discuss the parallel marketing system, it is the market forces which will dictate the price of LPG or kerosene. I believe when the stronger companies come in, there is going to be competition amongst them and it will really determine the prices and will really bring down the prices. It is the whole idea of bringing in the parallel marketing system. There is no question of our controlling the prices.

**SHRI E. BALANANDAN:** Sir, this is a stereotype reply. Market forces themselves will act on it. What are you going to do there? You cannot do anything unless you have a controlling system. Otherwise you cannot complain also for giving freedom for market forces to operate. They will operate.

**SHRI CHATURANAN MISHRA:** They are operating.

**श्री महेश्वर सिंह:** मैं आपके माध्यम से मंत्री महोदय से यह जानना चाहूंगा कि क्या वे इस बात से अवगत हैं कि देश में, विशेषकर पहाड़ी प्रांतों में गैस एजेंसियों के अभाव में गैस प्राप्त करने हेतु उपभोक्ताओं को भारी कठिनाइयों का सामना करना पड़ता है? क्या यह भी सत्य है कि अनेकों स्थानों पर विशेषकर हिमाचल प्रदेश के मनाली जैसे पर्यटक स्थल, भुत्तर, आनी और निर्मल इत्यादि इत्यादि में नयी गैस एजेंसियों की मांग न केवल स्थानीय जनता बल्कि सरकार और जन प्रतिनिधि भी अनेकों बार कर चुके हैं? मैं माननीय मंत्री महोदय से जानना चाहता हूँ कि इन स्थानों पर नयी गैस एजेंसियां प्रदान करने के लिए सरकार क्या कर रही है और क्या यह भी सत्य है कि गैस एजेंसियां प्रदान करने हेतु सरकार के नियमानुसार किसी समिति का गठन किया जाता है? तो क्या ऐसी समिति का देश के स्तर पर गठन किया गया है? यदि नहीं किया गया है तो ऐसी समिति की एबसेंस में ये गैस एजेंसियां किस प्रकार से प्रदान की जाती हैं?

**CAP. SATISH SHARMA:** Mr. Chairman, Sir, this is yet another example which illustrates the situation in which we are living. The demand for LPG is far exceeding the production or supply within a period. Infact, the demand is galloping. As the hon. Member is aware, the demand for LPG connections last year was

107 lakhs. This year it has gone up to 120 lakhs. Our intention is to open more and more gas agencies. I appreciate the problem mentioned by the hon. Member. I am aware of the pressure on deforestation in States like Himachal Pradesh and other mountainous areas. The policy of our Government is to accord priority to the States like Himachal Pradesh, Meghalaya. I will ensure that. But because of the manner in which the demand is growing, we have introduced parallel marketing system. I believe in the coming six months to one year, the parallel marketing system will help to reduce the pressure on the PDS. PDS will be strengthened. As the parallel marketing system spreads in the bigger cities like Delhi, Bombay, Calcutta, and Madras, we will be able to concentrate more on States like Himachal Pradesh, Meghalaya and other States and smaller towns. That is our intention.

**श्री महेश्वर सिंह:** मेरी दूसरी बात का जवाब नहीं आया। मैंने जानना चाहा था कि क्या ऐसी एजेंसियां प्रदान करने के लिए देश के स्तर पर किसी समिति का गठन किया जाता है और यदि हां तो क्या ऐसी समिति का गठन किया गया है, यदि नहीं तो उसकी एबसेंस में गैस एजेंसियां किस प्रकार से प्रदान की जाएंगी।

**CAPT. SATISH SHARMA:** Mr. Chairman, Sir, the question relates to the gas agencies being sanctioned. We have Oil Selection Boards which have been appointed in all the States. They advertise in the newspapers and invite applications for dealerships. Then, they make the selection in their own way. My Ministry has got nothing to do with the selection process directly. But I would like to share with hon. Members the basic policy which we are following and it is that wherever there is a demand from over 20,000 consumers, those markets are considered for starting new agencies.

**MR. CHAIRMAN:** Q. No. 722.