Black marketing of kerosene

3798. DR. BHALCHANDRA MUNGEKAR: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Government is aware that a large quantity of kerosene to be distributed through the PDS is sold in the black market; and
- (b) if so, the steps Government proposes to take to check this criminal practice and save the scarce public funds?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) and (b) The National Council for Applied Economic Research (NCAER) in its report in October, 2005, have estimated that siphoning off of kerosene for non-household purpose is 18.1%, diversion of kerosene from PDS to open market is 17.9% and diversion of kerosene to no card households is 2.6%. Total leakage is thus estimated at 38.6% of total sale of PDS kerosene.

PDS Kerosene supplies to Kerosene Dealers are done on Ex-MI (Marketing Installation) basis by Public Sector Oil Marketing Companies (OMCs). Further Distribution of PDS kerosene within the State to the ration card holders through ration shops/retailers is controlled by the State Government. The State Civil Supplies Authorities ensure that the product uplifted is delivered to the fair price shops and to the intended beneficiaries.

In order to check the black marketing/adulteration of PDS kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, as per which dealers have to sell PDS Kerosene at a price fixed by the Government or OMCs and have to prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place. Further, PDS kerosene released is dyed with blue dye to facilitate detection of PDS kerosene in non-PDS uses. Under this Control Order, State Governments are also empowered to take action against those indulging in black-marketing and other irregularities.

Field Officers of OMCs inspect the Kerosene Dealerships and check for irregularities like non-observance of Government/OMCs regulations, over charging, unauthorized purchase and stock variation. In case of any irregularities, action is taken as per the Marketing Discipline Guidelines (MDG).

OMCs hosted a web portal which enables public access to the movement of PDS Kerosene tank trucks. It provides details of the tank truck movement carrying PDS Kerosene from their Dispatch Units/Depots/Installations to the various dealers along with their names, invoice number, quantity of product, time of dispatch, tank truck number, etc. on the websites on real time basis.

Adverse findings of CAG on oil firms overcharging customers

3799. SHRI M. P. ACHUTHAN:

SHRI D. RAJA:

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

- (a) whether the Comptroller an Auditor General of India (CAG) has castigated the public sector oil firms for overcharging customers by ₹ 26,626 crore in five years by charging national levies like customs duty on fuel they sold; and
- (b) if so, the details of the findings of the report and Government's reaction thereto?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) and (b) Comptroller and Auditor General of India (CAG) has stated that the Public Sector Oil Marketing Companies (OMCs) ought to have benefited by ₹ 26,626 crore due to the pricing methodology adopted during the period from 2007 to 2012. In this regard it is pointed out that as against the so called benefit of ₹ 26,626 crore, OMCs were asked to bear under-recoveries amounting to ₹ 28,680 crore during the said period. Hence, no undue benefit was available to OMCs in the existing pricing mechanism. Refining is a cyclical