

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM & NATURAL GAS
RAJYA SABHA
STARRED QUESTION NO. 252
TO BE ANSWERED ON 11TH AUGUST, 2021

Irregularities at Retail Outlets of OMCs

252. Shri Binoy Viswam:

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

- (a) the details of the rules/guidelines issued for checking irregularities or malpractices at Retail Outlets (ROs) of various Oil Marketing Companies (OMCs) in the country;
- (b) the number of violations of such rules/guidelines and irregularities or malpractices including adulteration of petroleum products at the ROs of various OMCs reported during last five years and current year along with the action taken thereon, company-wise, Statewise and UT-wise;
- (c) the agencies entrusted with the task of investigation of cases of irregularities during the said period, company-wise; and
- (d) the other steps being taken or proposed by Government/OMCs to check such irregularities at ROs of OMCs?

A N S W E R

MINISTER OF PETROLEUM & NATURAL GAS (SHRI HARDEEP SINGH PURI)

(a) to (d) A statement is laid on the Table of the House

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE RAJYA SABHA STARRED QUESTION NO. 252 BY BINOY VISWAM TO BE ANSWERED ON 11TH AUGUST, 2021 REGARDING 'IRREGULARITIES AT RETAIL OUTLETS OF OMCS'.

- (a) Oil Marketing Companies (OMCs) have a system of monitoring and surveillance at the Retail Outlets for checking irregularities or malpractices at the Retail Outlets. OMCs have formulated and implemented Marketing Discipline Guidelines (MDG) for checking irregularities or malpractices at Retail Outlet Dealerships in order to ensure Quality and Quantity, along with uniform code of conduct. OMCs take action in case of established irregularities against erring dealers as per MDG Guidelines -2012 and the Dealership agreement. Brief note on the extant Marketing Discipline Guidelines is provided as Annexure I.

The Central Government has also issued the Motor Spirit and High Speed Diesel (Regulation of Supply, Distribution and Prevention of Malpractices) Order, 2005 under Essential Commodities Act, 1955 which provides for punitive action against malpractices such as adulteration of petroleum products.

- (b) State/UT-wise irregularities detected, including adulteration of petroleum products at OMC retail outlets during the last five years and current year (2016-17 to 2020-21 and April-June, 2021) and action taken is provided in Annexure II.
- (c) & (d) Surprise inspections are carried out by OMCs periodically at the retail outlets to check adulteration and other irregularities/malpractices and action is taken as per the Marketing Discipline Guidelines-2012 and the Dealership Agreement.

OMCs have a system in place to check various types of malpractices and irregularities including adulteration at its retail outlets dealerships. The important initiatives taken in this regard are as follows:

- Availability of filter paper, calibrated density equipment (hydrometer / thermometer) & 5 liter calibrated measure for quality checks and delivery of correct quantity of MS/HSD.
- Regular / surprise inspections are carried out at Retail outlets by OMCs field officers/ Sr. Officers throughout the country. In case of stock variation beyond permissible limits, density test failure, filter paper test failure and also during special drives / campaigns or in case of specific complaint against the retail outlets, Company officials draw samples and forward them for testing as per laid down procedure. In case of any irregularities including cases of tampering of metering units/seals of the metering unit, addition, removal, replacement or manipulation of any part

of the Dispensing Unit, action is taken as per the marketing discipline guidelines and dealership agreement.

- Surprise inspections are also carried out by Quality Assurance Cell (QAC) team of OMCs.
- Samples are also drawn at random from petrol pumps and sent for testing to authorized laboratories. In case it is established that adulteration has taken place, appropriate stringent action is taken against the erring dealers / transport contractor, as applicable.
- Surprise inspections are also carried out by OMCs Mobile labs and Industry Mobile labs, wherein samples from petrol pumps are drawn and tested.
- Tank trucks are being sealed before leaving Company premises to protect against pilferage en-route. Tamper proof locking system has been introduced in tank trucks delivering petrol / diesel at retail outlets. A 3-tier sampling system is followed to help ascertain the point where adulteration could have taken place.
- All active Retail Outlets have been/are being automated for better monitoring of RO operation.
- Established cases of adulteration among other are classified as 'Critical irregularities' under the Marketing Discipline Guidelines and in such cases the retail outlet dealerships are terminated in the first instance itself.

Annexure referred to in reply to part (a) of the Rajya Sabha starred question No. 252 asked by Shri Binoy Viswam to be answered on 11.08.2021 regarding Irregularities at Retail Outlets of OMCs.

MARKETING DISCIPLINE GUIDELINES: A BRIEF NOTE

The Marketing Discipline Guidelines, for petrol & diesel Retail Outlets / SKO dealerships, was formulated in 1982 to facilitate the marketing of these petroleum products by the dealers of the Public Sector Oil Marketing Companies, on the principles of highest business ethics and excellent customer service.

These guidelines were formulated to ensure the following:

- Dealers dispense and customers receive product of right quality and quantity.
- Dealers follow the correct and safe practices in handling and dispensing the petroleum products.
- Show courteous behaviour to customers with provisions of all attendant facilities.
- A uniform code of conduct and discipline is enforced throughout the dealership network.

Marketing Discipline Guidelines (MDG) are only administrative guidelines, to be followed uniformly by the OMCs throughout the country. Action against the erring dealers, as per these guidelines, is taken in accordance with the provisions of the Dealership Agreement.

Keeping in view the socio-economic scenario and the expectations of the customers regarding quality, quantity and efficient service, it has been necessary to review the provisions of the guidelines and revise them periodically to enforce most stringent measures to prevent malpractice in the sale of Petroleum products and providing service to the customers.

Government had also formulated various control orders for regulating the marketing of Petroleum products.

The guidelines generally provide a wide range of penal provisions covering suspension of sales / supplies, imposition of fine and termination for certain instances of irregularities in violation of the guidelines.

MDG has been periodically revised from time to time based on customer requirements with the last revision being effected on 03-08 -2018.

Provision is also made for 3 tier sampling system for collection and testing of sample i.e. Supply Location, Tank Truck and Retail Outlet to pinpoint the stage/tier where the adulteration if any has taken place.

The Marketing Discipline Guidelines lay down the following aspects:

- Duties of Oil companies: Handling of MS, HSD, and SKO at storage points
- Duties of dealers: Handling of products at ROs by dealers
- Maintenance of Company's equipments at ROs
- Inspection of ROs / SKO dealerships
- Prevention of irregularities at ROs (MS,HSD & Lubes) / SKO dealerships
- Guidelines for samples to be drawn at Dispatching Locations / ROs
- Mobile Laboratory

The MDG covers the above aspects in the following eight chapters as under:

1. Procedure for handling of products at Retail Outlets by Dealers.
2. Industry Guidelines for Sample collection and Testing.
3. Handling of MS/HSD/SKO at Company's storage points and duties of Oil Companies.
4. Maintenance of Company equipment at Retail Outlets
5. Type of irregularities at Retail Outlets and SKO / LDO dealerships.
6. Duties of SKO dealers
7. Mobile Laboratory
8. Action to be taken by OMCs under the MDG for irregularities observed at the ROs.

The eighth chapter classifies all the irregularities mentioned in chapter 5 into 3 types, viz. Critical, Major and Minor.

The action stipulated for irregularities classified as 'Critical' under MDG is Termination at the first instance.

The action stipulated for irregularities classified as 'Major' under MDG varies from suspension of sales and supplies for 15 days/ monetary penalty to Termination of Dealership in the second or third instance.

The action stipulated for irregularities classified as 'Minor' under MDG varies from warning cum guidance letter to monetary penalty depending on the number of instances of these irregularities.

The MDG prescribes that the principles of natural justice should be followed before taking any penal action on the dealer by prescribing action only after establishing the irregularity. It also prescribes issuing show cause notice and seeking an explanation from the dealer before any penal action is taken under MDG. It also specifies giving an opportunity of hearing in case of critical irregularity leading to termination.

The MDG also specifies the level of authority to take action for various categories of irregularities.

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Annexure II

Annexure referred to in reply to part (b) of the Rajya Sabha starred question No. 252 asked by Shri Binoy Viswam to be answered on 11.08.2021 regarding Irregularities at Retail Outlets of OMCs.

Name of States / UTs	Malpractices/Irregularities						Action Taken						Total (OMC)
	Discrepancy in stock (OMC)	Suspected product adulteration OMC	Overcharging OMC)	Unauthorized purchase / sale (OMC)	Unauthorized fittings/seals tampering (OMC)	Others (OMC)	Total (OMC)	Termination including on account of Adulteration (OMC)	Suspension of sales and supplies (OMC)	Explanation called for / SCN issued /Not Established (OMC)	Warning letter issued (OMC)	Fine imposed (OMC)	
Andaman & Nicobar	3	0	0	0	0	0	3	0	0	3	0	0	3
Andhra Pradesh	161	15	31	0	41	2978	3226	6	104	994	1872	250	3226
Arunachal Pradesh	0	0	0	0	0	15	15	0	0	9	5	1	15
Assam	68	5	12	0	14	978	1077	4	45	216	682	130	1077
Bihar	123	14	69	4	11	2864	3085	11	98	575	2075	326	3085
Chandigarh	16	0	9	0	1	180	206	0	0	77	114	15	206
Chhattisgarh	170	3	7	0	11	2928	3119	1	58	762	1819	479	3119
Dadra & Nagar Haveli	4	2	1	0	2	87	96	2	1	53	28	12	96
Daman & Diu	1	0	1	0	0	34	36	0	1	18	15	2	36
Delhi	17	0	3	0	4	396	420	0	11	136	241	32	420
Goa	30	1	3	0	0	126	160	0	16	63	70	11	160
Gujarat	269	11	20	1	41	4869	5211	19	127	1801	2686	578	5211
Haryana	87	9	10	0	15	3260	3381	8	70	933	2029	341	3381
Himachal Pradesh	35	0	12	0	1	311	359	0	10	102	195	52	359
Jammu & Kashmir	35	2	10	0	2	475	524	1	6	98	375	44	524
Jharkhand	78	4	21	1	7	1668	1779	4	62	657	1003	53	1779
Karnataka	192	8	24	2	25	4870	5121	4	127	1780	2621	589	5121
Kerala	88	1	24	0	14	1496	1623	0	40	328	1100	155	1623
Lakshadweep	0	0	0	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	304	11	40	2	17	4584	4958	9	164	1818	2405	562	4958
Maharashtra	1060	9	68	1	118	6177	7433	45	360	2089	4141	798	7433
Manipur	0	1	0	0	0	41	42	0	1	3	37	1	42
Meghalaya	6	0	0	0	1	79	86	0	3	39	33	11	86
Mizoram	0	0	0	0	0	26	26	0	0	12	14	0	26
Nagaland	1	0	0	0	0	45	46	0	3	7	34	2	46

Odisha	95	5	16	0	9	2086	2211	3	72	886	1044	206	2211
Puducherry	6	0	8	0	0	153	167	0	3	81	77	6	167
Punjab	109	9	48	0	23	4371	4560	14	76	1490	2709	271	4560
Rajasthan	336	18	43	5	46	5934	6382	24	138	1613	3856	751	6382
Sikkim	1	0	0	0	1	369	371	0	2	322	39	8	371
Tamil Nadu	294	14	43	2	23	5322	5698	6	101	1874	3393	324	5698
Telangana	162	8	20	1	18	6765	6974	7	68	4252	2203	444	6974
Tripura	1	3	1	0	0	10	15	0	3	8	2	2	15
Uttar Pradesh	185	13	48	3	218	6949	7416	130	221	2580	3784	701	7416
Uttarakhand	68	2	6	0	19	1213	1308	1	24	768	406	109	1308
West Bengal	98	7	36	1	10	4062	4214	5	90	1869	1960	290	4214
All-India	4103	175	634	23	692	75721	81348	304	2105	28316	43067	7556	81348

Others * : Includes deviations which are largely minor in nature like non-provision of facilities like air, telephone, non-provision of records like stock register, inspection records and non-display of RSP etc.

Annexure referred to in reply to part (b) of the Rajya Sabha starred question No. 252 asked by Shri Binoy Viswam to be answered on 11.08.2021 regarding Irregularities at Retail Outlets of OMCs.

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Name of States / UTs	Malpractices/Irregularities							Action Taken					
	Discrepancy in stock	Suspected product adulteration	Over charging	Unauthorised purchase / sale	Unauthorised fittings/Seals tampering	Others	Total	Termination including on account of Adulteration	Suspension of sales and supplies	Explanation called for / SCN issued / Not Established	Warning letter issued	Fine imposed	Total
Andaman & Nicobar	3	0	0	0	0	0	3	0	0	3	0	0	3
Andhra Pradesh	52	6	22	0	34	686	800	1	13	229	542	15	800
Arunachal Pradesh	0	0	0	0	0	11	11	0	0	7	4	0	11
Assam	64	5	10	0	12	560	651	4	33	134	393	87	651
Bihar	88	8	51	1	7	912	1067	5	65	147	762	88	1067
Chandigarh	15	0	9	0	1	127	152	0	0	45	94	13	152
Chhattisgarh	51	0	6	0	4	946	1007	0	9	390	500	108	1007
Dadra & Nagar Haveli	0	0	1	0	0	5	6	0	0	3	3	0	6
Daman & Diu	1	0	1	0	0	23	25	0	0	18	6	1	25
Delhi	14	0	1	0	3	111	129	0	7	37	72	13	129
Goa	2	0	1	0	0	27	30	0	0	3	27	0	30
Gujarat	55	4	11	0	23	975	1068	5	29	387	563	84	1068
Haryana	39	4	8	0	10	1130	1191	2	24	439	656	70	1191
Himachal Pradesh	10	0	7	0	1	112	130	0	1	59	62	8	130
Jammu & Kashmir	2	1	6	0	1	147	157	0	0	39	108	10	157
Jharkhand	18	0	13	0	6	290	327	1	19	75	227	5	327
Karnataka	62	4	15	0	20	1570	1671	2	27	458	964	220	1671
Kerala	68	1	18	0	14	602	703	0	3	106	558	36	703
Lakshadweep	0	0	0	0	0	0	0	0	0	0	0	0	0
Madhya Pradesh	98	4	29	2	12	1793	1938	3	31	660	857	387	1938
Maharashtra	171	2	42	0	81	1029	1325	24	21	295	928	57	1325
Manipur	0	1	0	0	0	9	10	0	1	3	5	1	10
Meghalaya	4	0	0	0	0	6	10	0	1	5	4	0	10
Mizoram	0	0	0	0	0	0	0	0	0	0	0	0	0
Nagaland	1	0	0	0	0	4	5	0	0	1	3	1	5
Odisha	52	2	4	0	7	639	704	1	14	344	300	45	704
Puducherry	4	0	8	0	0	22	34	0	0	15	18	1	34

Punjab	60	1	28	0	16	1065	1170	5	25	389	639	112	1170
Rajasthan	76	7	27	4	31	2315	2460	8	45	472	1607	328	2460
Sikkim	1	0	0	0	1	8	10	0	0	1	6	3	10
Tamil Nadu	125	2	26	0	20	1896	2069	3	11	576	1366	113	2069
Telangana	54	0	12	0	13	374	453	0	7	133	267	46	453
Tripura	1	3	1	0	0	5	10	0	3	5	0	2	10
Uttar Pradesh	112	7	42	1	130	2681	2973	62	45	854	1726	286	2973
Uttarakhand	17	0	3	0	15	768	803	0	10	616	135	42	803
West Bengal	73	5	20	0	5	1844	1947	3	31	1107	746	60	1947
All-India	1393	67	422	8	467	22692	25049	129	475	8055	14148	2242	25049

Annexure referred to in reply to part (b) of the Rajya Sabha starred question No. 252 asked by Shri Binoy Viswam to be answered on 11.08.2021 regarding Irregularities at Retail Outlets of OMCs

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S. No	STATE	MALPRACTICES/IRREGULARITIES DETECTED							ACTION TAKEN					
		Discrepancy in stock	Suspected Adulteration	Over charging	Unauthorised Purchase /Sale	Unauthorised Fittings/ Seal Tampering	Others	TOTAL	Termination (including for cases of adulteration)	Suspension of Sales and supplies	Explanation called for/SCN issued/Under Investigation/Not established	Warning Letter issued	Fine imposed	Total
1	Andaman and Nicobar Islands	0	0	0	0	0	0	0	0	0	0	0	0	0
2	Andhra Pradesh	108	7	8	0	4	1907	2034	3	18	683	1122	208	2034
3	Arunachal Pradesh	0	0	0	0	0	3	3	0	0	2	0	1	3
4	Assam	4	0	2	0	0	279	285	0	0	74	175	36	285
5	Bihar	33	4	15	1	3	999	1055	2	2	362	589	100	1055
6	Chandigarh union territory	1	0	0	0	0	40	41	0	0	25	14	2	41
7	Chhattisgarh	115	3	1	0	3	1502	1624	0	17	349	937	321	1624
8	Dadra and Nagar Haveli & Daman and Diu	4	2	0	0	2	75	83	2	0	50	19	12	83
9	Delhi	3	0	2	0	1	226	232	0	0	92	127	13	232
10	Goa	28	1	2	0	0	63	94	0	1	60	25	8	94
11	Gujarat	209	7	9	1	17	3383	3626	14	17	1382	1779	434	3626
12	Haryana	46	4	1	0	2	1663	1716	3	7	426	1030	250	1716
13	Himachal Pradesh	24	0	4	0	0	160	188	0	4	41	107	36	188
14	Jammu and Kashmir	33	1	4	0	1	271	310	1	1	55	221	32	310
15	Jharkhand	60	4	2	1	0	818	885	3	2	503	368	9	885
16	Karnataka	128	4	8	2	2	2262	2406	1	9	1240	936	220	2406
17	Kerala	20	0	3	0	0	574	597	0	0	216	269	112	597
18	Ladakh	0	0	0	0	0	0	0	0	0	0	0	0	0
19	Lakshadweep	0	0	0	0	0	0	0	0	0	0	0	0	0
20	Madhya Pradesh	190	6	7	0	1	1953	2157	1	12	1143	954	47	2157
21	Maharashtra	881	6	22	1	24	3012	3946	15	112	1500	1933	386	3946
22	Manipur	0	0	0	0	0	0	0	0	0	0	0	0	0
23	Meghalaya	2	0	0	0	0	48	50	0	0	32	10	8	50

24	Mizoram	0	0	0	0	0	22	22	0	0	12	10	0	22
25	Nagaland	0	0	0	0	0	12	12	0	0	1	10	1	12
26	Odisha	43	3	1	0	1	898	946	1	2	443	384	116	946
27	Puducherry	2	0	0	0	0	95	97	0	0	53	39	5	97
28	Punjab	49	8	18	0	7	2862	2944	9	9	1089	1696	141	2944
29	Rajasthan	255	10	16	1	12	2827	3121	11	24	1091	1667	328	3121
30	Sikkim	0	0	0	0	0	321	321	0	0	319	2	0	321
31	Tamil Nadu	165	10	17	2	1	2414	2609	1	6	1054	1393	155	2609
32	Telangana	104	7	7	1	1	5958	6078	3	6	4084	1599	386	6078
33	Tripura	0	0	0	0	0	2	2	0	0	0	2	0	2
34	Uttar Pradesh	69	6	5	1	65	3148	3294	46	18	1623	1253	354	3294
35	Uttarakhand	51	2	3	0	1	359	416	1	3	147	217	48	416
36	West Bengal	12	0	12	0	0	1402	1426	0	9	513	714	190	1426
	All-India	2639	95	169	11	148	39558	42620	117	279	18664	19601	3959	42620

Annexure referred to in reply to part (b) of the Rajya Sabha starred question No. 252 asked by Shri Binoy Viswam to be answered on 11.08.2021 regarding Irregularities at Retail Outlets of OMCs.

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Name of States / UTs	Malpractices/Irregularities							Action Taken						
	Discrepancy in stock	Suspected product adulteration	Over charging	Unauthorised purchase / sale	Unauthorised fitting s/ Seals tampering	Others *	Total	Termination including Adulteration	Suspension of sales and supplies	Explanation called for / SCN issued/ Under investigation / Not established	Warning letter issued	Fine imposed	Total	
Andaman & Nicobar	0	0	0	0	0	0	0	0	0	0	0	0	0	
Andhra Pradesh	1	2	1	0	3	385	392	2	73	82	208	27	392	
Arunachal Pradesh	0	0	0	0	0	1	1	0	0	0	1	0	1	
Assam	0	0	0	0	2	139	141	0	12	8	114	7	141	
Bihar	2	2	3	2	1	953	963	4	31	66	724	138	963	
Chandigarh	0	0	0	0	0	13	13	0	0	7	6	0	13	
Chhattisgarh	4	0	0	0	4	480	488	1	32	23	382	50	488	
Dadra & Nagar Haveli	0	0	0	0	0	7	7	0	1	0	6	0	7	
Daman & Diu	0	0	0	0	0	11	11	0	1	0	9	1	11	
Delhi	0	0	0	0	0	59	59	0	4	7	42	6	59	
Goa	0	0	0	0	0	36	36	0	15	0	18	3	36	
Gujarat	5	0	0	0	1	511	517	0	81	32	344	60	517	
Haryana	2	1	1	0	3	467	474	3	39	68	343	21	474	
Himachal Pradesh	1	0	1	0	0	39	41	0	5	2	26	8	41	
Jammu & Kashmir	0	0	0	0	0	57	57	0	5	4	46	2	57	
Jharkhand	0	0	6	0	1	560	567	0	41	79	408	39	567	
Karnataka	2	0	1	0	3	1038	1044	1	91	82	721	149	1044	
Kerala	0	0	3	0	0	320	323	0	37	6	273	7	323	
Lakshadweep	0	0	0	0	0	0	0	0	0	0	0	0	0	
Madhya Pradesh	16	1	4	0	4	838	863	5	121	15	594	128	863	
Maharashtra	8	1	4	0	13	2136	2162	6	227	294	1280	355	2162	
Manipur	0	0	0	0	0	32	32	0	0	0	32	0	32	
Meghalaya	0	0	0	0	1	25	26	0	2	2	19	3	26	
Mizoram	0	0	0	0	0	4	4	0	0	0	4	0	4	

Nagaland	0	0	0	0	0	29	29	0	3	5	21	0	29
Odisha	0	0	11	0	1	549	561	1	56	99	360	45	561
Puducherry	0	0	0	0	0	36	36	0	3	13	20	0	36
Punjab	0	0	2	0	0	444	446	0	42	12	374	18	446
Rajasthan	5	1	0	0	3	792	801	5	69	50	582	95	801
Sikkim	0	0	0	0	0	40	40	0	2	2	31	5	40
Tamil Nadu	4	2	0	0	2	1012	1020	2	84	244	634	56	1020
Telangana	4	1	1	0	4	433	443	4	55	35	337	12	443
Tripura	0	0	0	0	0	3	3	0	0	3	0	0	3
Uttar Pradesh	4	0	1	1	23	1120	1149	22	158	103	805	61	1149
Uttarakhand	0	0	0	0	3	86	89	0	11	5	54	19	89
West Bengal	13	2	4	1	5	816	841	2	50	249	500	40	841
All-India	71	13	43	4	77	13471	13679	58	1351	1597	9318	1355	13679

Others * : Includes deviations which are largely minor in nature like non-provision of facilities like air, telephone, non-provision of records like stock register, inspection records and non-display of RSP etc.