The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 1993

UTTAR PRADESH India

The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 1993

Rule

THE-LIQUEFIED-PETROLEUM-GAS-REGULATION-OF-SUPPLY-AND-D of 1993

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The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 1993Published vide Notification G.S.R. 529 (E), dated 3rd August, 1993, published in Gazette of India, (Extraordinary), Part 2, dated 3rd August, 1993, section 3 (1), page 7In 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, 1993.(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 as in the [Indian Explosives Act, 1884 (4 of 1884)] [Now Explosives Act, 1984.];(b)["Consumer" means a person, firm, company, institution, association of persons, cooperative society or organisation, 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 marketeer] [Substituted by Notification No. G.S.R 6 (E), dated 6th January, 1994.];(c)" cylinder" means a metal container utilised for storing liquefied petroleum gas;(d)"delivery person" means a person employed by a distributor or a Government Oil Company or a parallel marketer, whether for

1

wages or otherwise, to deliver liquefied petroleum gas in cylinders to consumers;(e)"distributor" means a person, firm, association of persons, company, institution, organisation or a Co-operative Society approved by Government Oil Company or parallel marketeer and engaged in the business of purchase, sale, or storage for sale of liquefied petroleum gas in cylinders to consumers on the basis of an agreement or otherwise with a Government Oil Company or a parallel marketeer, as the case may be;(f) gas cylinder valve means a valve which is fitted to a cylinder;(g) 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);(h)"liquefied petroleum gas" means a mixture of certain light hydrocarbons which may include propane, isobutane, 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 No. IS 4576;(i)"Government Oil Company" means:(i)the Indian Oil Corporation Limited,(ii)the Hindustan Petroleum Corporation Limited,(iii)the Bharat Petroleum Corporation Limited,(iv)the IBP Co. Limited,(v)the Oil and Natural Gas Commission,(vi)the Gas Authority of India Limited, (vii) the Oil India Limited, or (viii) any other Government Company, a statutory body, a person, company, firm, association of persons, or organisation as declared by notification to be a Government Oil Company by the Central Government, for the purpose of this order;(j)"parallel marketeer" means any person, firm, company, institution, association of persons, Co-operative society or organisation carrying on the business of importing, refining, producing, bottling, marketing, distributing and selling liquefied pertoleum gas under the paralled marketing system;(k)"parallel marketing system" means the system other than the public distribution system, under which a parallel marketeer imports, transports, bottles, distributes or sells in bulk or in retail, packed or filled in cylinder, liquefied petroleum gas under his own arrangement;(1)"public distribution system" means the system of distribution, marketing or selling of liquefied petroleum gas at Government controlled or declared price through a distributions system approved by. the Central or a State Government; (m) "pressure regulator" means the equipment used for regulating the flow of liquefied petroleum gas from a cylinder to a gas stove;(n)"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;(o)"schedule" means the Schedule annexed to this Order;(p)"storage point" means the premises approved or licensed by the Chief Controller of Explosives;(q)"transporter" means a person authorised by a Government Oil Company, parallel marketeer or a distributor for transportation of LPG in bulk or in cylinders and also of empty or defective cylinders.

3. Restriction on possession, supply and consumption of liquefied petroleum gas.

(1)Where a person has been granted a connection for liquefied petroleum gas under the public distribution system then he 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 a Government Oil Company, namely, Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited may sanction more than one connection of liquefied petroleum gas under public distribution system in favour of any person, keeping in view the circumstances and the requirement of that person;] [Inserted by Notification No. G.S.R. 127 (E), dated 8th March, 1996.](b)possess or use liquefied

petroleum gas filled in cylinders or in bulk, unless he has received that supply from a Government Oil Company or a distributor authorized by a Government Oil Company;(c)use liquefied petroleum gas for any purpose other than for cooking:Provided that the Central Government may by a general or special order permit the use of liquefied petroleum gas for such other purposes it may specify in that order.(2)No distributor of a Government Oil Company shall supply liquefied petroleum gas filled in cylinders to any person unless he holds a valid authorisation from the Government Oil Company.(3)No person shall 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 authorised by the Chief Controller of Explosives.(4)No transporter or delivery person shall deliver or cause to be delivered liquefied petroleum gas either in cylinders or in bulk to any person other than the consumer for whom the liquefied petroleum gas is meant for.

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

- No person shall-(a)transport or store a cylinder filled with liquefied petroleum gas except in an upright position;(b)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;(c)remove the seal prior to use of the cylinder:Provided that the distributor or his authorised representative or the delivery person may remove such seal [in the presence] [Substituted by Notification No. G.S.R. 6 (E), dated 6th January, 1994.] of the consumer either for testing, checking or fitting the cylinder;(d)use cylinder, pressure regulator and gas cylinder valve other than those specified in Schedules 'A' and 'B'.

5. Restriction on sale or distribution of liquefied petroleum gas below the standard weight.

- No Government Oil Company, distributor or parallel marketer shall supply, sell or distribute to a consumer of liquefied petroleum gas in cylinders which contains less than the weight of liquefied petroleum gas specified in the Schedules annexed to this Order [or as indicated on the cylinder] [Added by Notification No. G.S.R. 6 (E), dated 6th January, 1994.].

6. Possession, supply or sale of liquefied petroleum gas equipments.

(1)No person shall,-(a)[unless authorised by a Government Oil Company or parallel marketer] [Inserted by Notification No. G.S.R. 6 (E), dated 6th January, 1994.] supply or sell filled or empty cylinders, gas cylinder valves and pressure regulators to any person other than a Government Oil Company or a parallel marketer; (b) unless authorised by a Government Oil Company or a parallel marketer, supply or sell empty cylinder, gas cylinder valve and pressure regulator to any person other than a consumer; (c) possess filled or empty cylinder, gas cylinder valve or pressure regulator, unless he is a [distributor or] [Inserted by Notification No. G.S.R. 6 (E), dated 6th January, 1994.] consumer and the same has been supplied by a distributor, a Government Oil Company or a parallel marketer.(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

prescribed Indian Standards.

7. Display of stock and price of liquefied petroleum gas under public distribution system.

- Every distributor appointed under the public distribution system shall prominently display the stock and price of the liquefied petroleum gas at a conspicuous place of the business premises including the storage point, showing,-(i)opening balance of filled, empty and defective cylinders and regulators; (ii) the backlog of the filled cylinders to be supplied on the preceding working day.

8. Procurement, storage and sale of liquefied petroleum gas by the distributor under the public distribution system.

(a) No distributor appointed under the public distribution system having stock of liquefied petroleum gas at the business premises including storage point, shall, unless otherwise directed by a Government Oil Company, refuse to sell on any working day, during working hours, to the consumer whose name is registered with the distributor according to the chronology of placing of orders.(b)No distributor appointed under the public distribution system 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. Explanation. - For the purposes of sub-clause (a) and sub-clause (b) above, the expression 'working hours' means the working hours fixed by the concerned Government Oil Company in accordance with the provisions of the Shops and Establishment Act in force in the respective States or Union Territories, as the case may be.(c)Every distributor appointed under the public distribution system shall take all reasonable steps to ensure that adequate stocks of liquefied petroleum gas are available at the business premises, including the storage point, at all times.(d)No distributor appointed under the public distribution system shall sell liquefied petroleum gas at a price higher than that fixed by the Government Oil Company nor shall, without prior written permission of the concerned Government Oil Company, refuse to make home delivery at the address of the consumer, whose name and address is registered with the distributor.(e)Every distributor appointed under the public distribution system shall display prominently at the place of business, including the place of storage on a conspicuous place, the hours of working.

9. Maintenance of register, account books and submission of returns by a distributor appointed under public distribution system.

(a) Every distributor appointed under public distribution system shall maintain proper accounts of daily purchase, sale and storage of liquefied petroleum gas at the business premises everyday, indicating therein,-(i) the opening stock of the filled, empty and defective cylinders; (ii) the number of filled empty and defective cylinders received during the day; (iii) the number of filled, empty and defective cylinders sold, delivered or otherwise disposed of during the day; (iv) the closing stock of the filled, empty and defective cylinders; and(v) such other relevant particulars as the concerned Government Oil Company may by order in writing specify in this regard. (b) The distributor

appointed under the public distribution system shall maintain a register giving the details of names and addresses of persons registered for obtaining liquefied petroleum gas connection.

10. Maintenance of records 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 Central Govt. in the Ministry of Petroleum and Natural Gas his intention to engage in all or any one of the above activities specifying therein capability to do so, and other relevant particulars.(b) 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 imported portwise, to the Central Government in the Ministry of Petroleum and Natural Gas.(c) The parallel marketeer shall furnish to the Central Government in the Ministry of Petroleum and Natural Gas, or to such authority as may be specified by that Government in this regard, such other information as may be required.

10A. [Assessment and Certification/Rating of parallel marketers. [Inserted by Notification No. G.S.R. 510 (E), dated 19th June, 1995.]

(1)(a)No parallel marketer shall commence any activity such as import, transport, bottling, marketing, distribution, sale or any activity incidental thereto, relating to the business of liquefied petroleum gas without obtaining a rating certificate on the basis of evaluation and rating for his capability, infrastructure network and readiness to carry out professed business and deliver goods and services promised by an agency listed in Schedule C to this Order: Provided that a parallel marketer who commences any such activity, before the commencement of this Order, shall within three months get himself evaluated and rated by the said agency:[Provided further that a parallel marketer carrying on the business of transportation, petroleum marketing, distributing or selling of liquefied gas as an agent of another parallel marketer, who has obtained a rating certificate, shall not be required to obtain a rating certificate. Explanation. - For the purpose of this clause, a parallel marketer shall be deemed to be an agent of another marketer if the former is appointed as such agent for the above purposes by the latter through a legal instrument.](b)The rating certificate shall be issued in the format as prescribed in Schedule D to this Order and as per the forwarding letter given in Schedule E.(c)The rating certificate shall-(i)be valid for a period of one year from the date of its issue, and(ii)require renewal by the rating agency, annually.(2)Every parallel marketer 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, and prominently publish the rating certificate, as given by the rating agency.(3) There shall be paid, in respect of every application, to a rating agency,-(i) for the rating certificate awarded to the parallel marketer, a fee at the rate of 0.05 per cent 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 marketer, a fee of one-tenth of that required to be paid for such a certificate.(4)The agency listed for purpose of evaluation shall, on payment of the fee

by the parallel marketeer, evaluate the parallel marketer whose case is either referred to it or who approaches it, on the basis of, inter alia, the parameters indicated and the information to be provided by such parallel marketer in the pro forma as given in Schedule F to this Order and such other information as called for by the rating agency.(5) Every parallel marketer 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 Governments and the Collector of the District in which he imports, transports, bottles, markets, distributes or sells liquefied petroleum gas. All letterheads or communications of 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.(6)No parallel marketeer shall either give incomplete, incorrect, misleading or vague information in the newspaper, handout, pamphlet, leaflet, advertisement etc. or submit such information to the rating agency.]

11. Power of entry, search and seizure.

(a) An Officer of the Department of Food and Civil Supplies of the Government, not below the rank of an inspector authorised by such Government and notified by the Central Government or any Officer authorised and notified by the Central Government or any Officer not below the rank of a Sales Officer of a Government Oil Company authorized by the Government and notified by the Central Government may, with a view to ensuring compliance with the provisions of this Order, for the purpose to satisfying himself that this Order or any order made thereunder has been complied with,-(i)stop and search any vessel or vehicle which the officer has reason to believe has been, or is being or is about to be used in the contravention of this Order; (ii) enter or search any place with such aid or assistance, as may be necessary; and(iii)seize and remove with such aid or assistance, as may be necessary books registers and other records pertaining to liquefied petroleum gas business, filled and empty cylinders, cylinder valves and pressure regulators along with the vehicle, vessel or any other conveyance used for carrying such stock, if he has reason to believe that any provision of this Order has been or is being or is about to be contravened and thereafter take or authorise the taking of all measures necessary for securing the production of the liquefied petroleum gas filled or empty cylinders, cylinder valves, pressure regulators, at the office of the Government Oil Company and the vehicle, vessel or other conveyance so seized before the Collector having jurisdiction under the provisions of the Essential Commodities Act, 1955 (10 of 1955), for their taking action against all concerned.(b)The provisions of Section 100 of the Code of Criminal Procedure, 1973 (2 of 1974) relating to search and seizure shall, so far as may be apply to searches and seizures under this Order.

12. Overriding effect of the Order.

- The provisions of this Order shall have the overriding effect notwithstanding anything to the contrary contained in any order made by a State Government or a Union Territory by an Officer of such State Government of Union Territory before the commencement of this Order, except as regards of anything done or omitted to be done thereunder before such commencement.

13. [Power to exempt. [Substituted by Notification No. G.S.R. 127 (E), dated 8th March 1996.]

- The Central Government may, if it considers necessary, for avoiding hardship, or for any consideration of public interest, by 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 subject to such conditions as may be specified in the notification.]

14. Repeal and Saving.

(1)The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 1988 is hereby repealed except in respect of things done or omitted to be done under that order before the commencement of this Order.(2)Notwithstanding such repeal anything done or any action taken under the said Order shall be deemed to have been done or taken under the corresponding provisions of this Order.[Schedule A] [Schedules A and B substituted by Notification No. G.S.R. 6 (E), dated 6th January, 1994.](See Clauses 4 and 5)Standard size and Specification of liquefied petroleum gas cylinders shall conform to IS: 3196 Part (I); 1992, Colour Code specifications IS: 4379 and as follows:

Internal diameter of cylinders in mm. Net weight of liquefied petroleum gas in the cylinder $314 \text{ mm} \pm 15 \text{ mm}$ $14.2 \text{ kg} \pm 0.5 \text{ kg}$

Note. - (1) The weight of the liquefied petroleum gas contained in a cylinder shall not vary by a difference of 1.5 per cent of the net weight of the respective cylinder as indicated on it by the Government Oil Company.(2)Standard size and specification of Gas Cylinder Valve under the public distribution system shall conform to IS: 8737, Part II specifications having an outlet collar diameter of 25.6 mm ± 3 mm.(3)Pressure regulator shall conform to IS: 9798 specification having an inlet diameter of 25.6 mm ± 3 mm.[Schedule B] [Schedules A and B substituted by Notification No. G.S.R. 6 (E), dated 6th January, 1994. [See Clauses 4 and 5] (Applicable to Parallel Marketeer System)A parallel marketeer under the parallel marketing system may deal with and use.-(a)Cylinder of any size, shape, design and weight, other than those specified in Schedule 'A', conforming to Indian Standard specifications.(b)Gas cylinder valve conforming to IS specification 8737, Part II of any size having an outlet collar diameter other than 25.6 \pm 3 mm.(c)Pressure regulators conforming to IS specification 9798 of any size and having an inlet diameter other than 25.6 mm ± 3 mm. Note - (1) The cylinder used by a parallel marketeer shall be provided with a valve protection ring different in shape from that in the cylinders used by the Government Oil Company.(2)The cylinder used by a parallel marketeer shall be clearly marked with Colour Bank and Logo of the respective company, firm or person marketing liquefied petroleum gas, as approved by the Chief Controller of Explosives. (3) The weight of the liquefied petroleum gas contained in a cylinder shall not vary by a difference of 1.5 per cent of the net weight of the respective cylinder as indicated on it by a parallel marketeer.][Schedule C] [Schedules C to F added by Notification No. G.S.R. 510 (E), dated 19th June, 1995.][See Clause 10-A (1) (a)]Name and address of agencies for evaluation/rating of Parallel Marketeer

Name Address

- CRISIL(The Credit Rating Information
 Services of IndiaLtd.)

 Nirlon House, 2nd Floor, 254-B, Annie Besant
 Road, Worli, Bombay-400025

 RBC, Mahindra Towers, 5th Floor, Road No
 13, Worli, Bombay-400018

 MDRA(Marketing & Development Research
 Associates)

 Secular House, 9/1 Institutional Area, Opp.
 JNU, New Delhi-67
- 4. ICRA(Investment/Information Credit Rating Kailash Building, 4th Floor 26, Kasturba Agency ofIndia Ltd.) Gandhi Marg, NewDelhi-1

[Schedule D] [Schedules C to F added by Notification No. G.S.R. 510 (E), dated 19th June, 1995.][See Clause 10-A (1) (b)]LPG (Regulation, Supply and Distribution) Order, 1993Rating Certificate for Parallel Marketeer

Name of the Firm/Company :

Registered Office Address :

Name of promoter/ Chairman/ Managing Director :

Activities :

Particulars of Bankers :

Overall Rating:

Rating Scale

- 1. Good
- 2. Satisfactory
- 3. Low Risk
- 4. HighRisk

Signature and Seal of the Rating Agency

1. Total investment planned.

2. Total investment made up to date.

3. Promoter's equity.

4. Proposed/likely date of commissioning.

**Name of the parallel marketeer to be indicated. Signature and Seal of the Rating Agency) [Schedule F] [Schedules C to F added by Notification No. G.S.R. 510 (E), dated 19th June, 1995.][See Clause 10-A (4) and (6)]Pro forma of Information to be submitted by Parallel Marketeer for Evaluation/Rating by the Rating Agency

PARAMETERS DETAILS*

THUMIETER	DETINES	
1.	Market Standing of the Company:	
	A.	Constitution of the firm:
	В.	Registered Office
	C.	Location and Addresses of Existing Businesses.
	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.
	Н.	Details of existing operations of the Parallel Marketeerand/or his group of companies.
	I.	Audited A/cs. for three years of the promoter firm and groupconcerns with details of promoters constitution.
	J.	Working capital requirement for new business pertaining toParallel Marketing with resume of proposed scheme.
	K.	Implementation record of typical projects already undertaken,in terms of cost, time, nature of proposed scheme.
	L.	Business plans and projected cash flows.
	M.	Sourcing of funds for existing and proposed Business.
	N.	Performance of Parallel Marketeer in his

other group companies for last three years with income tax clearance certificate.

2.	Marketing Plans for Liquefied Petroleum Gas:	
2.1	Infrastructure for Liquefied Petroleum Gas Sourcing/Handling:	
	A.	Import Locations Identified.
	В.	Proposed size of import parcels.
	C.	Status of approvals (ports/statutory/State Government/ChiefController of Explosives/ environment/milestone achieved withsquared network/local authorities).
	D.	Status of Progress
	E.	Details of Technological tie-ups, if any.
	F.	Business proposals/Project Feasibility report, financialdetails and financial risk analysis.
2.2	Commercial arrangements and/or consortium for Liquefied Petroleum Gas (ifown facilities are not planned):	
	A.	Any tie-up arrangement finalised with importer.
	В.	The supporting agreements/documents for such tie-up.
	C.	The quantum of product to be imported with minimum guarantee.
	D.	Details of Storage and Handling of product at the importlocation/tie-up agreement.
	E.	Fall back arrangement to meet the shortfall in case thetie-up arrangement does not materialise.
	Storage and Distribution	
3.	arrangement for Liquefied Petroleum Gas planned:	
	A.	Details of storage facilities of Depots with their capacities.
	В.	Status of progress on items mentioned above.
	C.	Plant and Equipment/Technological details.

Details of manpower and the arrangement D. to handle the product. Details of designs and standards to be E. followed forconstruction and operation of these facilities. F. Status of approvals for the facilities. Details of arrangements for procurement of G. Cylinders/Valves/Regulators. Whether the bottling plants are as per H. safety standards- Oil Industry Safety Directorate 144/169. Arrangements planned to reach the product to 4. consumptionCentres/Markets: Details of distributor network A. planned/already appointed. Details of the basis for distributors B. appointment. Details of showroom/sales room/office and C. godownplanned/existing along with status of approvals. Details of distribution arrangement between the distributor's godown and the D. customers. **Product Familiarity and Training:** 5. Operational knowledge of product (Liquefied Petroleum Gas) and its A. handling. The capability and preparedness to meet the safetyrequirement in Liquefied B. Petroleum Gas. Plans for training the staff and the C. customers on safehandling of equipment/product. Recruitment policy and standards for the D. staff. Familiarity with Gas Control Orders, Explosives Rules and other applicable local E. Acts. Marketing Discipline and Guidelines 6. proposed to be adopted:

The Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order, 1993

	A.	Code of conduct for distributors and deliverymen.		
	В.	System to monitor and control adulteration and unauthorised diversion of products.		
7.	Organisation in place/proposed for the parallel marketing ofLiquefied Petroleum Gas:			
	A.	Details of Organisational Structure.		
	В.	Level of managerial involvement of the promoter.		
	C.	Source of financing the Liquefied Petroleum Gas parallel marketing includingthe infrastructure.		
	D.	Any other relevant details which theparallel marketeer would like to provide.		
8.	Financial commitment:			
	A.	Total estimated project cost.		
	В.	Planned (phase-wise) resource mobilisation.		
	C.	Resources arranged and investment made as of date		
	D.	Proof of A, B and C above.		
	*Extra Sheets may be used, if required.			
	G	M/s(Paral		
Marketeer)Address:				