

LOK SABHA
STARRED QUESTION NO. 385
TO BE ANSWERED ON 27th March, 2025

Tender issued by OMCs for Bulk LPG Transportation

†*385. Shri Hanuman Beniwal:

पेट्रोलियम एवं प्राकृतिक गैस मंत्री

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

- (a) whether many transporters who did not fall under the category of MSME provisions were also given the work order of LPG transportation in the tender issued by the Oil Marketing Companies (OMCs) for bulk LPG transportation in the year 2018;
- (b) if so, the details thereof along with reasons therefor; and
- (c) whether the tender of the year 2018 was extended for two years in the year 2023 and if so, the clause and the rules under which such an extension was granted?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्री
(श्री हरदीप सिंह पुरी)

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

- (a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) of the Lok Sabha Starred Question no. 385 asked by Shri Hanuman Beniwal, Hon'ble M.P. to be answered on 27th March, 2025 regarding 'Tender issued by OMCs for Bulk LPG Transportation'.

(a) & (b): Public Sector Oil Marketing Companies (OMCs) are Maharatna Undertakings. They are Board driven commercial companies and publicly listed entities who enjoy complete operational freedom in their day to day decision making. OMCs work out their short, medium and long term action plans based on decisions of their respective Boards. Processes involving tenders and contracts for procurement of Goods and services are commercial decisions of the OMCs and fully within their domain and competence and therefore they take appropriate decisions on them. OMCs design their procurement tenders with an objective to ensure supplies of Petroleum products to consumers in a safe, efficient and economical manner.

OMCs floated bulk LPG transportation tenders in 2018 which fully complied with the MSME Act, court orders and applicable regulations in force at the time. After finalization of contract w.e.f. 01.09.2018, some complaints were received regarding alleged misuse of provisions relating to Micro and Small Enterprises (MSE) by certain transporters. To address this issue, OMCs instructed the transporters who had bid under MSE category with seven or more tank trucks to get their MSE certificate verified by MSME authorities. Several transporters failed to comply, leading to OMCs issuing show cause notices for termination of their contract. In response, affected transporters filed cases in various courts. Based on court orders, re-verification of MSME certificates of these transporters was undertaken. Transporters who obtained re-verification certificates were permitted to continue operations. Some transporters who did not get their credentials verified have secured injunctions/stays from courts on their offered trucks and have thus been allowed to continue operations.

(c): The bulk LPG transportation contract came into effect on 01.09.2018 and was valid for five years. The Covid pandemic occurred during the currency of the contract. At the time of finalization of the fresh transportation tender during 2022-23, the Industry Working Group (IWG) held discussions with transporters. During the discussion the issue of under-construction Kandla-Gorakhpur LPG Pipeline and other infrastructure projects and their impact on requirement of Tank Trucks in fresh tender came up. The tender document of 2018 permits extension to the contract subject to consent of the transporters. Based on the written consent received from individual transporters, OMCs decided to extend the Bulk LPG Transportation Contracts through extension of agreements signed jointly by OMCs and respective transporters. A few transporters filed a Writ Petition challenging the extension in the Madras High Court. The High Court, in its order dated 4th April 2023, upheld the legality of the extension and, finding it devoid of merits, dismissed the Writ Petition affirming the extension's legality.
