

## MINISTRY OF PETROLEUM AND NATURAL GAS

## ORDER

New Delhi, the 26th April, 2000

G. S. R. 487(E).— In 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, 2000.

(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 in the Explosives Act, 1884 (4 of 1884);

(b) "consumer" means a registered person, firm, company, institution, association of persons, co-operative 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 ;

(c) "cylinder" means a metal container utilized for storing liquefied petroleum gas conforming to the specifications laid down in Schedules II and III;

(d) "delivery person" means a person engaged by a distributor of a Government Oil Company or a parallel marketeer to deliver liquefied petroleum gas in cylinder to consumers;

(e) "distributor" means a person, firm, association of persons, company, institution, organisation or a co-operative society appointed by a 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 with a Government Oil Company or a parallel marketer, as the case may be;

(f) "gas cylinder valve" means a valve which is fitted to a cylinder;

(g) "Government Oil Company" means, -

- (1) Bharat Petroleum Corporation Limited
- (2) Bongagaigaon Refinery and Petrochemicals Limited
- (3) Cochin Refineries Limited
- (4) Gas Authority of India Limited
- (5) Hindustan Petroleum Corporation Limited,
- (6) Indian Oil Corporation Limited,
- (7) Indo-Burma Petroleum Company Limited,
- (8) Chennai Petroleum Company Limited,
- (9) Numaligarh Refinery Limited,
- (10) Oil India Limited,
- (11) Oil and Natural Gas Corporation Limited, or
- (12) any other Government Company or a statutory body or a company or a firm, declared as such by notification in the Official Gazette, to be a "Government Oil Company by the Central Government, for the purposes of this Order;

(h) "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);

(i) "liquefied petroleum gas (or LPG)" means a mixture of 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 number IS 4576;

(j) "parallel marketer" means any person, firm, company, institution, association of persons, co-operative society or organisation carrying on any or all of the business of importing, storing, bottling, marketing, distributing and/or selling liquefied petroleum gas under the parallel marketing system;

(k) "parallel marketing system" means the system other than the public distribution system, under which a parallel marketer carries on any or all of the business of importing, storing, bottling, distribution or selling in bulk or in retail, packed or filled in cylinder, liquefied petroleum gas under his own arrangement;

- (l) "public distribution system" means the system of distribution, marketing or selling of liquefied petroleum gas by a Government Oil Company at the Government controlled or declared price through a distribution system approved by the Central or a State Government;
- (m) "pressure regulator" means the equipment used for regulating the flow and pressure of liquefied petroleum gas from a cylinder to a gas stove;
- (n) "Schedule" means a Schedule appended to this Order;
- (o) "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;
- (p) "storage point" means the premises 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 unauthorised possession, supply and consumption of liquefied petroleum gas -**

- (1) A person having a connection for liquefied petroleum gas under the public distribution system, 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, may sanction more than one connection of liquefied petroleum gas under the public distribution system in favour of any person, keeping in view the difficulty and hardship experienced by such person in obtaining supplies of the LPG;

- (b) possess or use liquefied petroleum gas filled in cylinder or in bulk, unless he has received the supply from a Government Oil Company or a distributor authorised by such Company;
    - (c) use liquefied petroleum gas for any purpose other than for which the consumer is registered with the distributor of a Government Oil Company.

Provided that the Central Government may by a general or special order permit the use of liquefied petroleum gas for such other purposes as, it may, by order, specify.

- (2) The supply of liquefied petroleum gas to domestic category consumers shall be made in 14.2 Kg capacity cylinder and to those falling under non-domestic category shall be made in 19 Kg/47.5 Kg capacity cylinder, or in such capacity cylinders as may be notified, by the Central Government from time to time.
- (3) No distributor of a Government Oil Company shall supply liquefied petroleum gas filled in cylinder to any person unless he - (a) has been registered and granted a connection for liquefied petroleum gas under the public distribution system, or (b) holds a valid authorisation from the Government Oil Company.
- (4) No distributor of a Government Oil Company or a parallel marketeer, as the case may be, shall commit or cause to commit any of the activities prohibited herein including those specified in Schedule -I.

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

(1) No person shall -

- (a) 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;
- (b) transport or store a cylinder filled with liquefied petroleum gas except in an upright position;
- (c) 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;
- (d) 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 of the consumer either for testing, checking or installation of the cylinder;

- (e) use cylinder, pressure regulator and gas cylinder valve other than those specified in Schedules II and III.

(2) No transporter or delivery person shall deliver or cause to deliver liquefied petroleum gas either in cylinder or in bulk to any person other than the consumer or distributor.

5. **Restriction on sale or distribution of liquefied petroleum gas below or in excess of the standard weight.** - No Government Oil Company, distributor or parallel marketeer shall supply, sell or distribute to a consumer liquefied petroleum gas in cylinders which contains less than or in excess of the weight of liquefied petroleum gas specified in the Schedules II and III or as indicated on the cylinder.

6. **Prohibition on carrying unauthorised business of selling LPG.** -

No person other than a Government Oil Company, a parallel marketeer or a distributor shall be engaged in the business of selling liquefied petroleum gas to the consumer.

7. **Possession, supply or sale of liquefied petroleum gas equipments.** -

(1) No person shall -

(a) supply or sell filled or empty cylinder, gas cylinder valve and pressure regulator to any person other than a Government Oil Company or a parallel marketeer;

(b) unless authorised by a Government Oil Company or a parallel marketeer, supply or sell filled or 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 a consumer.

(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 Indian Standards.

8. **Display of stock and price of liquefied petroleum gas.** - Every distributor 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) the opening balance of filled, empty and defective cylinders and regulators;

(ii) the backlog of preceding working day of the filled cylinders to be supplied;

**9. Procurement, storage and sale of liquefied petroleum gas by a distributor. -**

(a) No distributor having stock of liquefied petroleum gas at the business premises, including storage point, shall, unless otherwise directed by a Government Oil Company or a parallel marketeer, refuse to sell LPG on any working day during working hours, to the consumer registered with that distributor.

(b) No distributor 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 or the parallel marketeer.

Explanation. - For the purposes of sub-clauses (a) and (b), the expression 'working hours' means the working hours fixed by the concerned Government Oil Company or the parallel marketeer in accordance with the provisions of the Shops and Establishments Act and the rules made thereunder, as in force in the respective States or the Union territories, as the case may be.

(c) Every distributor shall take steps to ensure that stocks of liquefied petroleum gas are available at the business premises, including the storage point, at all times.

(d) No distributor shall sell liquefied petroleum gas at a higher price than that fixed by the Government Oil Company or the parallel marketeer.

(e) No distributor shall, without prior written permission of the concerned Government Oil Company, refuse to make home delivery at the address of the consumer, as registered with the distributor:

Provided that the State Government may, fix additional charges for home delivery of LPG cylinders to the consumers, as it may deem necessary in view of the geographical terrain and/or the distance in the area of distribution.

(f) Every distributor shall display the working hours prominently at the place of business including the place of storage on a conspicuous place.

**10. Maintenance of register, account books by a distributor. -**

(a) Every distributor shall maintain proper accounts of daily purchase, sale and storage of liquefied petroleum gas at the business premises 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;
  - (v) such other relevant particulars as the concerned Government Oil Company or the parallel marketeer may by order in writing, specify.
- (b) The distributor shall maintain a register giving the details of names and addresses of persons registered for obtaining liquefied petroleum gas connection.

**11. Assessment and Certification Rating of parallel marketeers. -**

(1)(a) No parallel marketeer shall commence any activity, such as, importing, storing, transporting, bottling, marketing, distribution, sale or any activity incidental thereto, relating to the business of liquefied petroleum gas without obtaining a rating certificate, for his capability, infrastructure network and readiness to carry out professed business and deliver goods and services promised, provision for adequate safety backup for transportation, accident relief during transportation, and attending to emergency complaints of consumers by an agency given in Schedule - IV, on the basis of its evaluation and rating.

(b) The rating certificate shall be issued in the format as specified in Schedule-V, and as per the forwarding letter given in Schedule-VI.

(c) The rating certificate shall -

- (i) be valid for a period of two years in case of 'good' and 'satisfactory' rating and one year in case of other ratings from the date of its issue, and
- (ii) require renewal by the rating agency.

(2) Every parallel marketeer 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 in words i.e. Good, Satisfactory, Low-risk, High risk, whichever is applicable, 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 -

**Schedule-I**  
**(see clause 3(4))**

**Prohibited Activities**  
**(for Government Oil Companies)**

1. Forced sale of Stove/Hotplates to the consumers.
2. Recovery of unauthorised charges from applicant at the time of registration/ release of new connection.
3. Supply of partially used cylinder/pilfering product from cylinder/cylinders with pilfered product to LPG consumer.
4. Unauthorised and/or out of turn release of new LPG connections.
5. Unauthorised diversion of domestic cylinder for non-domestic use of LPG.
6. Acceptance of fake documents including Termination Vouchers and Transfer Termination Vouchers.
7. Possession of spurious LPG equipment.
8. Induction of spurious LPG equipment and/or replacement by a spurious equipment.
9. Manipulation of mandatory records.
10. Non-home delivery of LPG refill supplies to consumer and/or not giving rebate on non-home delivery to LPG consumer.
11. Overcharging by distributor on LPG refill supplies, installation charges, mechanic charges and/or any other charges authorised by the Government Oil Company.
12. Refusal to register requests for new connection and/or double bottle connection.

**Prohibited Activities**  
**(for Parallel Marketeers)**

1. Forced sale of Stove/Hotplates to the consumers.
2. Supply of partially used cylinder/pilfering product from cylinder/cylinder with pilfered product to LPG consumer.

3. Possession of spurious LPG equipment.
4. Induction of spurious LPG equipment and/or replacement by a spurious equipment.
5. Manipulation of mandatory records.

**Schedule - II**  
(see clauses 4(1) (e) & 5)

**Applicable to distributors of a Government Oil Company**

Standard size and specification of Liquefied Petroleum Gas Cylinders shall conform to IS 3196 (Part I), 1992 Colour code specification IS 4379 and the following:-

| Internal diameter of cylinder<br>in mm | Net weight of liquefied<br>petroleum gas in the cylinder |
|--|--|
| 314 mm + 1%<br>- 0%                    | 14.2 kg + 150 gms  |
| 330.1 mm + 2%<br>- 0%                  | 19 kg + 1.0 %  |
| 368.3 mm + 1%<br>- 0%                  | 47.5 kg + 1.0 %  |

(+ )  
( - indicate the variations on either side)

**NOTE:**

1. 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.
2. Pressure regulator shall conform to IS 9798 specification having an inlet diameter of 25.6 mm.

**Schedule – III**  
see clauses 4(1)(e) & 5)

**(Applicable to Parallel Marketing System)**

A parallel marketer under the parallel marketing system shall deal with and use:-

- (a) Cylinder of any size, shape, design and weight other than those specified in Schedule 'II' conforming to Indian Standard specifications.
- (b) Gas cylinder valve conforming to IS specification 8737, Part II of any size having an outlet collar diameter of 22.0 mm.
- (c) Pressure regulator conforming to IS specification 9798 of any size and having an inlet diameter other than of 22.0 mm.

**NOTE:**

1. The cylinder used by a parallel marketer shall be provided with a valve protection ring different in shape from that in the cylinder used by a Government Oil Company.
2. The cylinder used by a parallel marketer shall be clearly marked with Colour Band and Logo of their respective company, firm or person marketing liquefied petroleum gas, as approved by the Chief Controller of Explosives.
3. Maximum permissible error on net quantities declared by weight or by volume shall be as below:-

| Declared quantity | Maximum permissible error in excess or in deficiency |          |
|-------------------|--|----------|
| Gm or ml          | %  | gm or ml |
| 1000-10000        | 1.5%   | -        |
| 10000-15000       | -  | 150      |
| more than 15000   | 1.0%   |          |

Schedule – IV  
[see clause 11(1)(a) & (4)]

Name and address of agencies for evaluation of a Parallel Marketeer

| Name   | Address   |
|--|---|
| 1. CRISIL<br>(The Credit Rating Information Services of India Ltd.)    | Nirlon House, 2 <sup>nd</sup> Floor,<br>254 B, Annie Besant Road,<br>Worli, Bombay-400025 |
| 2. CARE<br>(Credit Analysis and Research Ltd.)                         | RBC, Mahindra Towers,<br>5 <sup>th</sup> Floor, Road No. 13, Worli,<br>Bombay-400018      |
| 3. MDRA<br>(Marketing and Development Research Associates)             | Secular House, 9/1, Institutional<br>Area, Opp. JNU, N. Delhi-67                          |
| 4. ICRA<br>(Investment Information Credit Rating Agency of India Ltd.) | Kailash Building, 4 <sup>th</sup> Floor,<br>26, Kasturba Gandhi Marg,<br>New Delhi – 1    |

Schedule-V  
(see clause 11(1)(b))

Rating Certificate for the Parallel Marketeer

Date of Issue: \_\_\_\_\_

Name of Firm/Company:

Registered Office Address:

Name of Promoter/Chairman/Managing Director:

Activities:

Particular of Bankers:

Overall Rating \_\_\_\_\_

Rating Scale

Good  
Satisfactory  
Low Risk  
High Risk

Signature and Seal of the Rating Agency

Schedule-VI  
[see clause 11(1)(b)]

Forwarding Letter for the Certificate of rating.

To whomsoever it may concern

This is to certify that we have made an evaluation of M/s \_\_\_\_\_ for the purpose of issuing certificate and a rating to them in accordance with the provisions of the Liquefied Petroleum Gas (Regulation of Supply and Distribution), Order, 2000.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of issuing this certificate. The certificate issued by us is as a result of our examination of the documents, records and assessment of the information obtained by us and the Evaluation of capability, infrastructure network and readiness to carry out professed business, deliver good and services promised by the parallel marketeer. We are satisfied that the information and particulars received and collected by us are sufficient enough to enable us to evaluate M/s \_\_\_\_\_\*\* providing the rating as specified.

M/s \_\_\_\_\_\*\* are awarded  
\_\_\_\_\_ rating.

Salient facts about M/s \_\_\_\_\_\*\* are as follows:-

1. Total investment planned.
2. Total investment made upto 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)