

# **Liquefied Petroleum Gas (Regulation of Use in Motor Vehicle) Order, 2001.**

MINISTRY OF PETROLIUM AND NATURAL GAS

ORDER

New Delhi 1<sup>st</sup> August 2001

G.S.R. 569(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 Use in Motor Vehicle) Order, 2001.
- (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 Explosive** ‘ shall have the same meaning assigned to it as in the Explosive Act, 1884 (4 of 1884)

(b) **“Consumer”** means a registered owner of a motor vehicle or a person having in his possession a motor vehicle or vehicle fitted with an auto LPG tank and a conversion kit as notified by the Government of India in the Ministry of Surface Transport, and runs such motor vehicle or vehicle by using auto LPG as automotive fuel alone or with some other petroleum fuel.

(c) **“auto LPG tank”** means a steel container for storage and transport of automotive liquefied petroleum as (auto LPG) fitted permanently in a motor vehicle or vehicle as its fuel tank, for automotive fuel and filled in that position, having a volume exceeding 500 milliliters but less than 1000 liters, as approved by the Chief Controller of Explosive under Gas Cylinder Rules 1981 as amended from time to time conforming to Indian Standard specification No. SI: 14899, as amended from time to time;

**(d) “Government Oil Company”** means an oil refining company or oil marketing company which is a government oil company as defined in section 617 of the Companies Act, 1956 (1 of 1956), such as—

(i) Bharat Petroleum Corporation Limited.

(ii) Bongaigaon Refinery and Petrochemicals limited.

(iii) Chennai Petroleum Corporation Limited.

(iv) Gas Authority of India limited.

(v) Hindustan Petroleum Corporation Limited.

(vi) Indian Oil Corporation Limited.

(vii) IBP Co. Limited.

(viii) Kochi Refineries Limited.

(ix) Numaligarh Refinery Limited.

(x) Oil India Limited.

(xi) Oil and Natural Gas Corporation Limited: Or

(xii) any other Government Company or a statutory body or a company or a firm declared as such by a notification in the Official Gazette, to be a Government Oil Company’ by the Central Government for the purpose of this Order.

(e) **“Indian Standard”** shall have the same meaning assigned to it in clause (g) of Sections 2 of the Bureau of Indian Standard Act, 1986 (63 of 1986);

(f) **“auto liquefied petroleum gas (auto LPG)”** means a mixture of certain light hydrocarbons derived from petroleum, which are gaseous at normal ambient temperature and atmospheric pressure but may be condensed to the liquid state at normal ambient conforms to Indian Standard Specification No IS 14861, as amended from time to time.

(g) **“parallel marketer for auto LPG”** means any person, firm, company, institution, association of persons, co-operative society or organization other than the Government Oil Companies carrying on any or all of the business of importing (including Auto LPG Import Substitution), storing, marketing distributing and selling auto LPG for automotive purpose under the parallel marketing system and having a rating certificate as specified in Schedule II.

(h) **“Government Oil Company system”** means the system under which a Government Oil Company carries on any or all of the business of importing (including Auto LPG Import Substitution) storing, distribution or selling LPG for automotive purpose through dispensing stations.

(i) **“Parallel marketing system for auto LPG”** means the system other than the system being followed by the Government Oil Companies in marketing auto LPG under which a parallel marketer carries on any of the business of importing (including Auto LPG import Substitution) strong, distribution or selling auto LPG through dispensing stations under his own arrangement.,

**(j) “auto LPG Import Substitution”** means import of Auto LPG by Government oil company/parallel marketer substituted by –

Indigenous LPG production from specific refineries/fractionators as authorized by Central Government from time to time.

LPG through petrochemical units as authorized by Central Government from time to time

Conforming to Indian Standard Specification IS 14861 as amended from time to time.

**(k) “auto LPG dispensing station “** means the premises used for storing and dispensing auto LPG to the motor vehicles for automotive purpose.

**(l) “auto LPG dispensing station dealer”** means a person, firm, association of persons, company institution organization or a cooperative society appointed by a Government Oil Company or a parallel marketer and engaged in the business of purchase storage and sale of auto LPG and licensed by the Chief Controller of Explosives under the Static and Mobile Pressure Vessels (United) Rules , 1981 as amended from time to time.

**(m) “conversion kit/original equipment manufacturer(OEM) fitting “** means a complete system assembly duly tested by one of the testing agencies mentioned in the Central Motor Vehicles Rules 2001 and approved by the Ministry of Road Transport and Highways in a bi-fuel mode.

**(n) “motor vehicle” or” vehicle”** shall have the same meaning assigned to it in sub-section (28) of Section 2 of the Motor Vehicle Act 1988 (59 of 1988) as amended from time to time.

**(o) “Schedule”** means a Schedule appended to this Order.

### **3. Restriction on unauthorized acquisition or sale of auto LPG:-**

**(1)** No persons shall acquire, sell, store for sale supply fill or distribute auto LPG to a consumer except according to the provisions contained in this order.

**(2)** No persons shall store, supply, sell or dispense auto LPG unless he is a auto LPG dispensing station dealer.

**(3)** No person shall purchase or use auto LPG in a motor vehicle or vehicle unless it is fitted with the auto LPG tank permanently fitted in the motor vehicle and a conversion kit as approved by the authorities/ testing agencies as notified in the Central Motor Vehicle Rules, 2001;

(4) No auto LPG dispensing station dealer or any other person acting on his behalf shall fill the auto LPG tank permanently fitted in the motor vehicle in excess of eighty percent of its total volumetric capacity.

(5) No auto LPG dispensing station dealer shall dispense auto LPG to any consumer using motor vehicle fitted with auto LPG tank permanently fitted in the motor vehicle and conversion/OEM dual fuel kit, which is not approved as per sub-paragraph-3.

(6) No auto LPG dispensing station dealer shall dispense Auto LPG unless received from Government Oil Companies/parallel marketeers and conforming to auto LPG specification i.e. Indian Standard specification No. IS 14861 as amended from time to time.

#### **4. Display of stock and price of auto LPG.**

Every auto LPG dispensing station dealer shall prominently display the stock and selling price of auto LPG at a conspicuous place of the auto LPG dispensing station.

#### **5. Procurement, storage and sale of auto LPG by the auto LPG dispensing station dealer.**

(1) Every auto LPG dispensing station dealer shall procure or purchase auto LPG from either a Government Oil Company or a parallel marketer.

(2) Every auto LPG dispensing station dealer shall display the working hours prominently at the place of auto LPG dispensing station at a conspicuous place.

(3) No auto LPG dispensing station dealer having stock of auto LPG at the auto LP dispensing station including the storage point, shall, unless otherwise directed by a Government Oil Company or a parallel marketer, refuse to sell auto LPG on any working day during working hours to a consumer.

(4) No auto LPG dispensing station dealer shall keep the auto LPG dispensing station permission including the storage point closed during working hours, on any day without the prior written permission of the Government Oil Company or a parallel marketer.

**Explanation--** For the purpose of subparagraphs (2), (3) and (4), the expression 'working hours' means the working hours fixed by the concerned Government Oil Company or a parallel marketer in accordance with the provisions of the Shops and Establishments Act, and the rules made there under, as in force in the respective States or Union territories, as the case may be.

(5) Every auto LPG dispensing station dealer shall take steps to ensure adequate availability of stocks of auto LPG at the auto LPG dispensing station at all times.

(6) No auto LPG dispensing station dealer shall sell auto LPG at a price higher than that fixed by the Government Oil Company or a parallel marketer, as the case may be.

## **6. Assessment and certification rating of parallel marketers:-**

(1) (a) No parallel marketer shall commence any activity, such as, import (including Auto LPG Import Substitution), transport, marketing, distribution, sale or any activity incidental thereto, relating to the business of auto LPG to be used as automotive fuel without obtaining a minimum of low risk rating certificate, on the basis of evaluation and rating for his capability, infrastructure network and readiness to carry out professed business and delivery of goods and services promised by him by an agency specified in Schedule-I

Provided that a parallel marketer carrying on the business of transportation marketing distribution or selling of auto LPG for automotive fuel, as an agent of another parallel marketer, who has obtained a minimum of low risk rating certificate, shall not be required to obtain a rating certificate.

**Explanation:** - for the purpose of this sub-paragraph, a parallel marketeer shall be an agent of another parallel marketeer if the former is appointed as such, for the above purposes by the latter through a legal instrument.

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

(2) 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.

(3) Every parallel marketeer announcing details of the activity or inviting offers of any kind in the field of import (including Auto LPG Import Substitution), transport marketing, distribution or sale of auto LPG for automotive fuel, 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.

**(4) There shall be paid in respect of every application to a rating**

**Agency:-**

(i) for the rating certificate awarded to the parallel marketeer, a fee at the rate of 0.05% 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 marketeer, a fee of one-tenth of that required to be paid for such a certificate;

(iii) The renewal of rating certificate by the parallel marketeer shall be as per the following periodicity, namely :-



(a) once in two years, for those having 'Good' and 'Satisfactory' rating certificate in the previous year;

(b) Once in a year for those having rating certificate other than 'Good' and 'Satisfactory' in the previous year.

(5) The agencies given in Schedule-I for the purpose of evaluation shall, on payment of fee by the parallel marketeer, evaluate the parallel marketeer whose case is either referred to it or who approaches it on the basis of the parameters indicated and the information provided by such parallel marketeer in the format as specified in Schedule-III or such other information as may be required by the rating agency.

(6) Every parallel marketeer shall file a certified true copy of the certificate of rating with the Ministry of Petroleum and Natural Gas, Oil Coordination Committee, Ministry of Good and Civil Supplies of the Central and the State Government and Collector of the District in which he imports (including Auto LPG Import Substitution), transports, markets, distributes or sells auto LPG for automotive fuel.

(a) All letter-heads or communications of a parallel marketeer shall have the following description of rating namely :-

(i) Name of the rating agency,

(ii) Rating awarded to him, and

(iii) Date of issue.

(b) No parallel, marketeers shall either given incomplete, incorrect, misleading, vague information in the newspaper, handout, pamphlet, leaflet or advertisement or submit such information to the rating agency.

## **7. Maintenance of registers, account books and submission of return by**

### **The dealer.**

Every auto LPG dispensing station dealer shall maintain accounts of daily purchase, sale and storage of auto LPG as an automotive fuel at the auto LPG dispensing station and/or storage point, indicating therein the opening and closing stock of auto LPG and such other relevant particulars as the Government Oil Company or the parallel marketer may be order in writing, specify.

## **8. Maintenance of records and furnishing of information by parallel marketers:-**

- (1) Every Parallel marketer before commencing the import (including Auto LPG Import Substitution), transportation, marketing distribution or sale of auto LPG as an automotive fuel shall intimate to the Ministry of Petroleum and Natural Gas, all or any of the above activities which he intends to undertake, specifying therein capability to do so and any other relevant particulars.
- (2) Every parallel marketer shall submit a monthly return before the 15<sup>th</sup> day of the following month given details of the auto LPG imported port wise (including Auto LPG Import Substitution, Source-wise) to the Ministry of Petroleum and Natural Gas/Oil Coordination Committee.
- (3) Every parallel marketer shall furnish to the Ministry of Petroleum and Natural Gas, or to such authority as may be specified by the Central Government, such information as may be required.

## **9. Power of entry, search and seizure:-**

- (1) Any officer of the Central or the State Government not below the rank of Inspector duly authorized, by the general or special order by the Central Government or State Government, as the case may be or any Officer of a government Oil Company not below the rank of Sales Officer, authorized by the Central Government, may with a view to securing due compliance with the provisions of the Order or for the purpose of

satisfying himself that \ this order or any other order made there under has been complied with.

(a) Enter and search any place or premises being made use of or suspected to be made use by a dealer, parallel marketer transporter, consumer or any other person who is an employee or agent of such dealer or transporter or consumer or parallel marketer or any other person, with respect to which there is reason to believe that the provisions of this order have been or are being or are about to be contra vended

(b) Stop and search any vessel or vehicle or receptacle used or capable of being used for the transpo0rt or storage of auto LPG.

(c) Inspect any book of accounts or other documents or any stock of the product used or suspected to be used in the business of the dealer, parallel marketer, transporter, consumer, or any other person suspected to be an employee or agent of the dealer, transporter, parallel marketer or consumer.

(d) seize stocks of the products which he has reason to believe has been or is being or is about to be used in contravention of this Order and take or authorized the taking of all measures necessary<sup>7</sup> for securing the production of stocks or items so seized before the Collector having jurisdiction under the provisions of the Essential Commodities Act, 1955 (10 of 1955) and for their safe custody pending\ such production.

(e) while exercising the power of seizure under item (d) of sub-paragraph (1), the authorized officer shall record in writing the reasons for doing so, a copy of which shall be given to the dealer, parallel marketer, transporter, consumer or any other concerned person.

(2) The sales officer of a Government Oil Company shall be authorized to secure compliance of this Order, by the auto LPG dispensing dealers appointed by the Government Oil Companies.

(3) The provision of section 100 of the Code of Criminal Procedure, 1973 (2 of 1974), relating to search and seizure shall, as far as may be, apply to searches and seizures under this Order.

**10 Overriding effect of the Order:** - The provisions of this Order shall have overriding effect notwithstanding anything contained in any other Order made by a State Government or a Union Territory Administration.

**11. Power to exempt:** - The Central Government may, if it considers necessary, for avoiding any hardship or in 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.

**12. Repeal and Savings:-**

The Liquefied Petroleum Gas (Restriction on Use) Order 1974 is hereby repealed  
Provided that such repeal shall not effect:

(a) The previous operations of the said Order or anything duly done or suffered therein; or

(b) Any right, privilege, obligation or liability acquired, accrued or incurred under the said Order.

(c) Any penalty, forfeiture or punishment incurred in respect of any offence committed against the said Order, or

(d) Any investigation, legal proceedings or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid.

And any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty, forfeiture or punishment may be imposed as if the said Order had not been repealed.

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## **Schedule-I**

### **See paragraph 6(1) (a) and 6(5)**

Name and address of agencies for evaluation/rating a Parallel Marketer.

#### **Name Address**

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

**Schedule-II**  
**(See Paragraph 6(1) (b))**

**Rating Certificate for the Parallel Marketer.**

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.

**6. Marketing Discipline and Guidelines Proposed to be adopted:**

A. System to monitor and control diversion of auto LPG.

**7. Organization in place/proposed for the parallel marketing of auto LPG:**

Details of Organization Structure.

Level of managerial involvement of promoter.

Source of financing the parallel marketing of auto LPG including the infrasture.

**8. Financial commitment.**

**Date**-----

**Signature**-----

**M/s**-----

**(Parallel Marketer)**

**Address**-----

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**Schedule-IV**  
**(See Clause 6(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 rating to them in accordance with the provisions of the Liquefied Petroleum Gas (Regulation of Use in Motor Vehicles), Order 2001.

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, infrastructures network and readiness to carry out professed business, deliver good and services promised by the parallel marketer. 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 up to date.
3. Promoter's equity.
4. Proposed/likely date of commissioning.

Name of the parallel marketer to be indicated.  
(Signature and seal of the Rating Agency)  
(E.No. P-17011/69/93-Mkt.  
S.VIJAYARAGHVAN Jt. Secy.

**Schedule-III**  
**(See paragraphs 6(5))**

**Performa of information to be submitted by the Parallel Marketer for Evaluation/Rating by the Rating Agency.**

**PARAMETERS**

**DETAILS**

**1. Market Standing of the Company:**

- A. Constitution of the firm.
- B. Registered Office.
- C. Location & Addresses of Existing Business.
- D. Name of Promoters/Directors/Partners.
- E. Background and full antecedents of Promoters/directors/partners.
  - . Net worth of Promoters/Directors/Partners.
  - . Current Activity
  - . Details of existing operations of the Parallel Marketer And/or his group of companies.
- I. Audited A/cs for three years of the promoter firm and group Concerns with details of promoter's constitution.
- J. Working Capital requirement for new Business pertaining to Parallel Marketing with resume of proposed scheme.
- K. Implementation record of typical projects already undertaken, In terms of cost, time, nature of projects and technology involved.
- L. Business plans and projected cash flows.
- M. Sourcing of funds for existing and proposed Business.
- N. Performance of Parallel Marketer in his other group companies For last three years with income tax clearance certificate.

**2. Marketing Plans for auto LPG:**

**2.1 infrastructure for auto LPG Sourcing/Handling:** Import Locations identified. Proposed size of import parcels. Status of approvals (Ports/statutory/State Government/Chief Controller Of Explosives/Environment/Milestone achieved with squared with Squared network-local authorities)  
Status of Progress.  
Details of Technological tie ups, if any.  
Business proposals/Project Feasibility report, Financial Details and Financial risk analysis.

## **2.2 Commercial arrangements and/or consortium for LPG/ auto LPG (if own facilities are not planned):**

- . Any tie up arrangement finalized with importer.
- . The supporting agreements/documents for such tie up.
- . The quantum of product to be imported with minimum guarantee.
- . Details of Storage & Handling of Product at the import

Location/tie-up agreement.

Fall back arrangement to meet the shortfall in case the tie up arrangement does not materialize.

## **3. Storage and Distribution arrangement for auto LPG Planned:**

- . Details of Storage facilities for auto LPG with their capacities.
- . Status of progress on items mentioned above.
- . Plant & Equipment/Technological details.
- . Details of manpower and the arrangement to handle the product.
- . Details of designs and standards to be followed for construction

And operation of these facilities.

Status of approvals for the facilities.

## **4. Arrangement planned to reach the product to Consumption Centres/Markets:**

- . Operational knowledge of product (Liquefied Petroleum Gas)

And its handling,

- The capability and preparedness to meet the safety

Requirement in Liquefied Petroleum Gas, its transportation and

Accident relief during transportation.

- . Plans for training the staff and the consumer on safe handling of Equipment/product.

Recruitment policy and standards for the staff.

Familiarity with Gas Control Orders, Explosives Rules and Applicable local acts.

Details of arrangement for handling the emergencies.

System for handling/redressal of customer complaint(s)