

THE LIQUEFIED PETROLEUM GAS (REGULATION OF USE IN MOTOR VEHICLES) ORDER, 2001¹

[1st August, 2001]

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 Vehicles) 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 Explosives' shall have the same meaning assigned to it as in the Explosives 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 gas (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 Explosives under Gas Cylinder Rules, 1981 as amended from time to time conforming to Indian Standard specification No. IS: 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 purposes of this Order;

- (e) "Indian Standard" shall have the same meaning assigned to it in clause (g) of section 2 of the Bureau of Indian Standards 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 temperature by the application of moderate pressure, and which conforms to Indian Standard Specification No. IS: 14861, as amended from time to time;
- (g) "parallel marketeer 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 marketeer carries on any or all of the business of importing (including Auto LPG Import Substitution), storing, 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 marketeer substituted by—
- (i) indigenous LPG production from specific refineries/fractionators as authorised by Central Government from time to time;
 - (ii) LPG through petrochemical units as authorised 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 co-operative society appointed by a Government Oil Company or a parallel marketeer 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 (Unfired) Rules, 1981 as amended from time to time;
- (m) "conversion kit/original equipment manufacturer (CEM) fittings" means a complete system assembly duly tested by one of the testing agencies mentioned in the *Central Motor Vehicles (3rd Amendment) 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 Vehicles Act, 1988 (59 of 1988); as amended from time to time.
- (o) "Schedule" means a Schedule appended to this Order.

3. Restriction on unauthorised acquisition or sale of auto LPG.—(1) No person 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 person 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 (3rd Amendment) 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 per cent. 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 marketeer.

(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 LPG dispensing station including the storage point, shall, unless otherwise directed by a Government Oil Company or a parallel marketeer, 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 premises including the storage point closed during working hours, on any day without the prior written permission of the Government Oil Company or a parallel marketeer.

*Explanation.—*For the purpose of sub-paragraphs (2), (3) and (4), the expression 'working hours' means the working hours fixed by the concerned Government Oil Company or a parallel marketeer in accordance with the provisions of the Shops and Establishments Acts, and the rules made thereunder, 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 marketeer, as the case may be.

6. Assessment and certification rating of parallel marketeers.—(1) (a) No parallel marketeer 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 marketeer carrying on the business of transportation, marketing, distribution or selling of auto LPG for automotive fuel, as an agent of another parallel marketeer, 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 his 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 lakh; 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 Co-ordination Committee,

Ministry of Food 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 marketeer shall either give 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 marketeer may, by order, in writing, specify.

8. Maintenance of records and furnishing of information by parallel marketeers.—(1) Every parallel marketeer 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 marketeer shall submit a monthly return before the 15th day of the following month giving details of auto LPG imported port-wise (including Auto LPG Import Substitution, source-wise) to the Ministry of Petroleum and Natural Gas/Oil Co-ordination Committee.

(3) Every parallel marketeer 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 authorised by 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 this Order or for the purpose of satisfying himself that this order or any other order made thereunder has been complied with—

(a) enter and search any place or premises being made use of or suspected to be made by use by a dealer parallel marketeer, transporter, consumer or any other person who is an employee or agent of such dealer or transporter or consumer or parallel marketeer 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 contravened;

(b) stop and search any vessel or vehicle or receptacle used or capable of being used for the transport 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 marketeer, transporter, consumer or any other person suspected to be an employee or agent of the dealer, transporter, parallel marketeer 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 authorise the taking of all measures necessary 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 authorised officer shall record in writing the reasons for doing so, a copy of which shall be given to the dealer, parallel marketeer, 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 provisions 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; or

(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. "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."

SCHEDULE I

[See paragraph 6 (1) (a) and 6 (5)]

Name and address of agencies for Evaluation/Rating a Parallel Marketeer

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

SCHEDULE II

[See paragraph 6(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 III

[See paragraph 6(5)]

Proforma of information to be submitted by the Parallel Marketeer 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
- F. Network of Promoters/Directors/Partners
- G. Current Activity
- H. Details of existing operations of the Parallel Marketeer and/or his group of companies
- I. Audited A/cs for three years of the promoter firm and group concerns with details of promoters 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 Marketeer 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:**

- A. Import Locations identified
- B. Proposed size of import parcels
- C. Status of approvals

(ports/statutory/State Government/Chief Controller of Explosives/Environment/Milestone achieved with squared network-local authorities)

- D. Status of Progress
- E. Details of Technological tie ups, if any
- F. 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):

- A. Any tie up arrangement finalized with importer
- B. 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 impor location/tie up agreement
- E. Fall back arrangement to meet the shortfall in case the tie up arrangement does not materialise

3. Storage and Distribution arrangement for auto LPG planned:

- A. Details of Storage facilities for auto LPG with their capacities
- B. Status of progress on items mentioned above
- C. Plant and Equipment/Technological details
- D. Details of manpower and the arrangement to handle the product
- E. Details of designs and standards to be followed for construction and operation of these facilities
- F. Status of approvals for the facilities

4. Arrangements planned to reach the product to consumption Centres/Markets:

- A. Details of distributor network planned/already appointed
- B. Details of the basis for dealers appointment
- C. Details of facilities planned and or existing for storage and distribution,

showroom/sales room/office along with status of approvals

5. Product Familiarity, Training and Provision for Safety:

- A. Operational knowledge of product (Liquefied Petroleum Gas) and its handling
- B. The capability and preparedness to meet the safety requirement in Liquefied Petroleum Gas, its transportation and accident relief during transportation
- C. Plans for training the staff and the consumer on safe handling of equipment/product
- D. Recruitment policy and standards for the staff
- E. Familiarity with Gas Control Orders, Explosives Rules and applicable local acts
- F. Details of arrangement for handling the emergencies
- G. System for handling/redressal of customer complaint(s)

6. Marketing Discipline and Guidelines proposed to be adopted:

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

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

- A. Details of Organizational Structure
- B. Level of managerial involvement of the promoter
- C. Source of financing the parallel marketing of auto LPG including the infrastructure

8. Financial commitment.

Date.....

Signature.....

M/s.....

(Parallel Marketeer)

Address.....

SCHEDULE IV

[See clauses 6 (1) (b)]TC "[See clauses 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 a 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,
infrastructure network and readiness to carry out professed business, deliver goods
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 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)

1. *Vide* G.S.R. 569 (E), dated 1st August 2001, published in the Gazette of India, Extra., Pt. II, Sec.
3(i), dated 1st August, 2001.

* In the Gazette Notification No. G.S.R. 569(E), dated 1st August, 2001 the nomenclature of the rules
has been stated as "Central Motor Vehicles Rules, 2001" whereas it ought to have been "Central
Motor Vehicles (3rd Amendment) Rules, 2001", Ed.
