

Petroleum & Natural Gas Regulatory Board
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Laxmi Nagar, Delhi – 110092
Tel:2201-0191, Fax: 2201-0200

No.S-Admn.II/I/2007-V
Date: 6th June, 2008

To

Shri Manu Srivastava
Director
Ministry of Petroleum & Natural Gas
Government of India
Shastri Bhawan
New Delhi.

Subject: Authorisation for Indraprastha Gas Limited

Sir,

Please refer to your letter No. 16019/2/08-GP dated 15th May, 2008 on the subject cited above addressed to the undersigned with a copy to MD, IGL.

2. The matter has been examined. PNGRB is a statutory body and it is for the Board to interpret the provisions of the PNGRB Act, 2006 subject of course to judicial interpretation. The decisions of the Board are appealable under the provisions of the Act. Presuming that an entity was not satisfied with the decision taken by the Board, the right course should have been to go for an appeal against the decision of the Board to the Appellate Tribunal for which specific provisions have been made in Section 33 of the Act. Such an intervention by the Ministry is not in consonance with the requirement of independent functioning of the Regulatory Board under the provisions of the Act. The action of the Ministry in asking the regulated entity concerned to defy the orders of the Board, which is a violation of the provisions of the Act, was avoidable. In this regard, it may be relevant to note the relevant provisions in Chapter IX of the Act dealing with Offences and Punishment. Section 44 provides for punishment of any person who contravenes the directions of the Board. Section 48 provides for punishment for laying, building, operating or expanding a common or contract carrier pipeline or a city or Local Natural Gas Distribution Network without obtaining authorisation under Section 19 of the Act. Section 50 provides that when an offence under the Act is committed by a company, every person who was in charge and responsible to the company for the conduct of the business of the

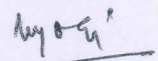
company, as well as the company, shall be liable to be proceeded against and punished accordingly.

3. Notwithstanding with what has been stated in above para, it may be noted that the Ministry was requested vide letters bearing No. PS/Secretary(PNGRB)/2007 dated 24th July, 2007 and 13th November, 2007 to give to the Board the information regarding entities authorised by the central Government in terms of the proviso under Section 17(1) and 17 (2) of the Act. However, no response was received. If the Ministry had responded well in time to Board's request, the response of the Ministry would have been taken into consideration by the Board with due weightage given to it before coming to a conclusion on the issue. It may be noted that the decision taken by the Board in respect of each of the entity is on the merits of each case and on the basis of the documents submitted by the concerned entity. In case IGL has been authorised by the Central Government before the 'appointed day', IGL should have provided a copy of such an authorisation letter. IGL was given enough opportunity to do so but they could not provide any copy of the authorization letter. Even the Ministry's aforesaid letter dated 15th May, 2008 addressed to the Board is not an authorisation letter to IGL. Non-prescription of any particular manner in the Act in which the Government should have granted authorisation to any entity before the appointed day can not detract the powers of the Board under Section 17 of the Act to decide as to whether an entity was authorised by the Central Government prior to the appointed day or not.

4. In view of the above the decision of the Board stands. If the entity concerned defies the decision of the Board, it shall have to face legal and other consequences under the Act and the relevant regulations.

5. We are also circulating this letter to all the entities which have been laying, building, operating or expanding any city or local natural gas distribution network before the appointed day.

Yours faithfully,



(Ajay Tyagi)
Secretary