Rationalisation of the functions, activities and structure of the Ministry of Petroleum and Natural Gas

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Executive Summary

1. The Ministry of Petroleum and Natural Gas is responsible for exploration and exploitation of petroleum resources, including natural gas. Production, supply, distribution, marketing and pricing of petroleum including natural gas and petroleum products also fall within the purview of the ministry. It is responsible for planning, development and regulation of oil field services and administers several acts relating to the petroleum sector.

2. MOPNG currently has a Secretary, one Additional Secretary and four Joint Secretaries – one for exploration, one for refining, one for conservation and administration and a JS&FA. The Additional Secretary now handles the marketing functions, his post having been upgraded from that of Joint Secretary (Marketing). MOPNG has 296 persons in position as against its total sanctioned strength of 314 posts. (Details can be seen in Annex-A).

3. There are 14 public sector undertakings, 3 subsidiaries and seven other organizations under the administrative control of the ministry.

    Oil Industry Development Board (OIDB) is one of the seven organisations and it funds four of the seven organisations namely, Petroleum Conservation Research Association (PCRA), Oil Industry Safety Directorate (OISD), Centre for High Technology (CHT) and Directorate General of Hydrocarbons (DGH). As the functions performed by PCRA, OISD, CHT are very essential for the petroleum industry to be competitive, the industry itself should fund these organisations through such mechanisms as it may devise.

    As for DGH, the need for it arises for the fact that the government under the Constitution continues to be owner of the petroleum resources, with various operators only being lease holders. Therefore, DGH may continue to be funded as at present by OIDB until it is converted into a statutory authority.

Petroleum India International is at present funded by industry. This arrangement may continue if the industry feels the services offered by this organisation are needed.

As for the Oil Coordination Committee the industry funds it and it will cease to exist after dismantling of APM.

4. There are a large number of private players in the country operating in exploration and production. The Directorate General of Hydrocarbons is responsible for ensuring that the reservoirs are managed according to the best practices in the industry. With the charter given to DGH there appears to be no need for the post of Advisor (Exploration) in the ministry, which could be straightaway dispensed with. The exploration and production functions relating to national oil companies to the extent they were earlier handled in the division of JS (Exploration) will be taken over by DGH, thus leading to relief in the workload of JS (Exploration).

5. The functions of natural gas within the exploration division and Director (Natural Gas) may be brought under JS (Exploration), both for better coordination and cohesiveness. JS (Exploration) can now handle this work too in view of the reduced workload on exploration and production.

6. The work of petroleum conservation relates to practices followed by a number of consuming industries and creation of awareness amongst consumers. The government has a very good structure in the PCRA, which is a fully staffed and autonomous body with field and technical staff. There is no need, therefore, to have any division or branch dealing with conservation. The division may therefore be abolished with the residual items of work, like those relating to natural gas, transferred and added to those of JS (Exploration).

7. At present JS (Refineries) deals with functions relating to refineries, pricing of petroleum products and matters relating to the Oil Coordination Committee

(OCC). Now that the refinery sector is totally de-licensed and 100% foreign direct investment (FDI) is allowed, and many private refineries are being set up, there is very little left to be done in the ministry. Also, except for administered price for transportation fuels, others have been taken out of price control and the few remaining subsidies are proposed to be transferred from the industrial account to the government budget. The task of ensuring a level playing field in marketing and distribution of petroleum products will also eventually go to an independent regulator. Thus, a large number of functions relating to licensing, administration of prices and subsidies will go out of the purview of the ministry as well as the OCC. To the extent that there are some administered prices or subsidies to be operated through the budget, these functions could easily be handled by JS&FA, who in any case is even now associated with this work.

8. With the administered price mechanism to be discontinued from 31.3.2002 and with regulatory functions being handed over to a regulator outside the ministry, the only work that will remain in the ministry would be on matters concerning the public sector undertakings. The residuary workload in the ministry will not justify two separate divisions for marketing and refining. It would, therefore, be sufficient for the ministry to have a single division headed by an AS or JS for dealing with the residuary matters in refining and marketing, and with any price stabilization mechanism that may be put in place when OCC is abolished. As such, either the post of AS (Marketing) or JS (Refineries) could be dispensed with.

9. In sum, therefore what is proposed above is:

(i) The post of Joint Secretary (Conservation) as also the division dealing with conservation be done away with, and the functions relating to natural gas at present being handled by him be added to those of JS (Exploration);

(ii) Matters relating to any subsidies that may still subsist be transferred to the government budget and be handled by JS&FA;

(iii) The post of Additional Secretary be abolished and a single division with one Joint Secretary be entrusted with the residuary matters both in regard to refining and marketing, and any price stabilization mechanism that may be introduced after OCC is abolished

Thus, as against one Additional Secretary and four Joint Secretaries (including FA) at present, the revised structure would have only 3 Joint Secretaries (including FA). In other words, this in effect would mean a reduction of one post of JS from the 3 JS + 1 FA that the Ministry was having, just prior to initiation of reforms. If, however, for administrative reasons, it is found necessary to have the post of an Additional Secretary, then one of the two remaining posts of Joint Secretaries (excluding FA) may be operated at the level of Additional Secretary, who would be entrusted with a separate division (with no Joint Secretary reporting to him or her). In that case, under the revised staffing structure there would be one Additional Secretary, and only one Joint Secretary, excluding the FA.

10. The reduced staffing pattern would take effect once the petroleum sector is fully deregulated, including abolition of the administered price mechanism (APM) to take effect from 1.4.2002. However, during the period of transition between the abolition of APM and total deregulation of the petroleum sector thereafter, one of posts of Joint Secretary proposed to be abolished may be operated if need be, but for a period not exceeding one year.

11. At the lower levels, one DS/Director looking after marketing functions and one DS/Director looking after pricing and refinery matters with the support staff of Section/Desk and one desk of Under Secretary supported by a conventional section for PSU work, should be more than adequate. The subordinate level posts in the ministry may also be reduced correspondingly after an intensive review of the revised workload. The other functions of the ministry relating to administration, vigilance, coordination may be retained and distributed among the three Joint Secretaries, along with the work relating to the public sector organisations to the extent that they are not divested. Based on the above discussion, a statement

showing the reduction in the number of posts of the level of S.O. and above, is appended at Annex ‘B’

12. The Commission understands that a large number of persons drawn from PSUs and other organisations work in the ministry in informal or other capacities. Perhaps the practice also extends to use of equipment and other facilities, and is not confined to personnel alone. These are pernicious practices that need to be stopped forthwith. All requirements of additional staff and equipment should be justified in their own right; resort to such camouflaged use of resources is deprecated.

Ministry of Petroleum & Natural Gas

1. Evolution Of The Ministry Of Petroleum & Natural Gas:

1.1. Prior to 1942, there was no organisation in the Government of India dealing exclusively with oil. Arrangements for meeting the requirements of the country, except that of the defence department, were more or less left to the private oil companies.

1.2. In February 1947, two organisations dealing with oil were amalgamated to form a Petroleum Division under the Department of Works, Mines and Power. In 1952 certain subjects relating to oil were transferred from the Petroleum Division to other ministries. Refineries and synthetic oil plants were entrusted to the Ministry of Production and those relating to oil prospecting, exploration concession etc. became the concern of the Ministry of Natural Resources and Scientific Research for undertaking exploration, exploitation and refining of oil in the country. With the formation of the new central cabinet after the general elections in April 1957, the ministries were reorganised. Ministry of Natural Resources and Scientific Research and the Ministry of Production were abolished and a new Ministry of Steel, Mines and Fuel was set up with two departments viz. Department of Iron and Steel and Department of Mines and Fuel.

1.3. In 1962, the Department of Mines and Fuel was made into a separate Ministry. In 1963, a new Ministry of Petroleum and Chemicals was formed with two departments viz. Department of Petroleum and the Department of Chemicals.

1.4. Again in February 1969 the Departments of Petroleum and Chemicals were placed along with the Department of Mines and Metals under the newly created Ministry of Petroleum, Chemicals, Mines and Metals.

1.5. In the late eighties, the Petrochemicals Division was taken out of the Ministry of Petroleum and transferred to the Department of Chemicals, and the Ministry was renamed as the Ministry of Petroleum & Natural Gas.

2. Allocation Of Work:

2.1. The subjects allocated to the Ministry of Petroleum and Natural Gas under the Allocation of Business Rules, are indicated below:

1. Exploration for, and exploitation of petroleum resources, including natural gas.
2. Production, supply, distribution, marketing and pricing of petroleum, including natural gas and petroleum products.
3. Oil refineries including lube plants.
4. Additives for petroleum and petroleum products.
5. Lube blending and greases.
6. Planning, development and control, of and assistance to all industries dealt with by the ministry.
7. All attached or subordinate offices or other organisations concerned with any of the subjects specified in the list.
8. Planning development and regulation of oil field services.
9. Public sector projects falling under the subject included in this list. Engineers India Limited and IBP Company, together with its subsidiaries except such projects as are specifically allotted to any other ministry/department.
10. The Oil fields (Regulation and Development) Act, 1948 (53 of 1948).
11. The Oil and Natural Gas Commission Act, 1959 (43 of 1959)
12. The Petroleum Pipelines (Acquisition of Right of User in Land) Act, 1962 (50 of 1962)
13. The Esso (Acquisition of Undertakings in India) Act, 1974 (4 of 1974)
14. The Oil Industry (Development) Act, 1974 (47 of 1974).
15. The Burmah-Shell (Acquisition of Undertakings in India) Act, 1976 (2 of 1976).

16. The Caltex (Acquisition of Shares of Caltex Oil Refining (India) Limited and of the Undertakings in India of Caltex India Limited Act, 1977.

17. Administration of the Petroleum Act, 1934 (80 of 1984) and the rules made there under.

3. Functions:

3.0. The areas of work can be grouped into three broad categories, exploration, refining and marketing & distribution as detailed below:

3.1. **Exploration:**

3.1.1. ONGC and OIL are engaged in the exploration and production of oil and natural gas in the country. Crude oil production during 1998-99 was 32.722 million tonnes against the target of 34.01 million tonnes. ONGC and OIL had achieved their MOU targets of crude oil production. The crude oil production target for the year 1999-2000 was set at 33.04 million tonnes. As part of the liberalisation of the petroleum sector, foreign and Indian companies are encouraged to participate in the exploration and development activities to supplement the efforts of national oil companies, with a view to narrowing the gap between supply and demand. Thus, a number of contracts have been awarded to both foreign and Indian companies to undertake exploration activities and development of fields on production sharing basis. Most acreages in future will be explored/produced on contracts awarded through open bidding.

3.2. **Refining:**

3.2.1. The refining capacity of 69.14 million tonnes per annum as on 1.4.1999 has increased to 109.04 million tonnes per annum as on 1.1.2000. There are 17 refineries in the country. 7 are owned by Indian Oil Corporation Limited, 2 each by Hindustan Petroleum Corporation Limited and Madras Refineries Limited; and one each by Bharat Petroleum Limited, Cochin Refineries Limited, Bongaigaon Refinery and Petrochemicals Limited, Numaligarh Refineries Limited, Mangalore Refinery and Petrochemicals Limited and Reliance Petroleum Limited. To meet the growing demand for petroleum products, a number of grass root refineries, as well as expansion of existing refineries have been commissioned, some of which are under various stages of implementation. The refining capacity is expected to go up to 129 million tonnes per annum by the end of IX Plan as against the estimated demand of 110 million tonnes. The administered pricing mechanism (APM), which has been in force in the petroleum sector since the mid 70's, provides returns to the oil companies based on a predetermined percentage. While the APM ensures price stability, it does not encourage cost minimization, efficient use of capital, customer friendly competitive environment etc. The refinery sector has been de-licensed and 100% FDI allowed.

3.3. **Marketing and Distribution:**

3.3.1. Four public sector oil companies namely Indian Oil Corporation, Bharat Petroleum Corporation, Hindustan Petroleum Corporation and IBP Company Limited are engaged in marketing of LPG in the country. With the increased availability of LPG, the number of LPG customers enrolled by them has also increased. As on 1.1.2000, they serve around 436 lakh customers. The government has approved 70 lakh new LPG connections. The government has been according priority for release of LPG connections to the ecologically fragile hilly areas and Taj Trapezium to reduce deforestation in the hilly areas. The government has also taken a decision to clear the entire waiting list of LPG in the metro cities of Calcutta, Chennai, Mumbai and the National Capital Region. Most of the products stand decontrolled and the rest also are to be decontrolled by the end of 2001-2002, unless advanced further.

3.4. **Conservation of Petroleum Products:**

3.4.1. High priority is given to the conservation of petroleum products. Consumption of petroleum products in India has been growing steadily at a rate of 8 to 10% per annum. The Ministry of Petroleum and Natural Gas, in association with PCRA and all public sector oil companies under its ambit, observed the oil conservation fortnight from January 17 to 30, 2000 throughout the country, during which over 2,68,000 activities were organised. The work at the consumer end in the field is being done by PCRA, which has full-fledged staff for this purpose.

4. Existing Structure:

4.1. MOPNG currently has a Secretary, one Additional Secretary and four Joint Secretaries - one for exploration, one for refining, one for conservation and administration and a JS&FA. The Additional Secretary now handles the marketing functions, his post having been upgraded from that of Joint Secretary (Marketing). MOPNG has 296 persons in position as against its total sanctioned strength of 314 posts. (***Annexe 'A'*** gives the details)

4.2. There are 14 PSUs, three subsidiaries and seven other organisations under the administrative control of the Ministry. These are listed below:

Public Sector Undertakings

1. Oil & Natural Gas Corporation Ltd.
2. Oil India Limited
3. Indian Oil Corporation Limited
4. Bharat Petroleum Corporation Limited
5. Hindustan Petroleum Corporation Limited
6. Kochi Refineries Limited
7. Chennai Petroleum Corporation Limited
8. IBP Company Limited
9. Engineers India Limited
10. Bongaigaon Refinery and Petrochemicals Limited
11. Biecco Lawrie & Company Limited
12. Gas Authority of India Limited
13. Numaligarh Refinery Limited
14. Balmer Lawrie & Company Ltd.

Chennai Petroleum Corporation and BRPL have been taken over by IOC, and Kochi Refineries by BPCL. IBP, Biecco Lawrie and Balmer Lawrie are already on the block for disinvestment. BPCL and HPCL are also slated for disinvestment in the current financial year.

Subsidiaries

1. O.N.G.C. Videsh Limited
2. Indian Additives Ltd. (Joint Venture of CPCL)
3. Indian Oil Blending Ltd. (Joint Venture of IOC)

Other Organisations

1. Oil Industry Development Board (OIDB)
2. Oil Coordination Committee (OCC)
3. Petroleum Conservation Research Association (PCRA)
4. Oil Industry Safety Directorate
5. Centre for High Technology
6. Petroleum India International
7. Directorate General of Hydrocarbons.

4.3 Out of the above seven organizations, Oil Industry Development Board (OIDB) is a statutory body which receives grants from the government out of the cess collected on crude oil production in the country. The Oil Coordination Committee (OCC) is an industry-funded body and does not receive any grants from the government directly. So is the case with the Petroleum India International. The other four organizations viz., PCRA, Oil Industry Safety Directorate, Centre for High Technology and Directorate General of Hydrocarbons are funded by grants given by OIDB. In a sense, grants given by OIDB should be considered as part of government funding in as much as OIDB itself receives moneys sanctioned out of the Consolidated Fund of India.

4.4 The functioning of the 4 organizations so funded by OIDB suggests that they are basically meant to promote the interests of the industry. In addition to compliance of statutory norms, the industry all over the world has attained excellence through self-regulatory mechanisms and by setting high standards for themselves. For example, the Safety Directorate endeavours to lay down norms for the industry, based on requirements to be complied with under various applicable statutes. Similarly, the Centre for High Technology provides a central place for data on technology etc. to prevent repetitive acquisition of technology by the industry, and for sharing of industry experience in various technological matters. The PCRA promotes awareness of energy conservation and good practices in the use and application of energy. As these functions are considered essential for the petroleum industry to be competitive, the industry itself should fund these organizations through such mechanisms as it may devise; consequently, there should be no need for OIDB .to finance them.

4.5 As for the Directorate General of Hydrocarbons (DGH), the need for it arises from the fact that the government under the Constitution continues to be the owner of the petroleum resources, with the various operators only being leaseholders. It is, therefore, necessary in public interest to ensure compliance with sound reservoir engineering and management practices; this is not a matter that may be left to industry for self-regulation. It is also understood that the government is proposing to create a statutory authority for regulation of reservoir matters. The other functions of the Directorate General like central storage of essential data etc., which have a commercial value and are also matters of public interest, need to be under government control. Therefore, DGH may continue to be funded as at present, by OIDB until it is converted into a statutory authority.

4.6 Petroleum India International is again an industry body to pool the expertise available with the various petroleum companies and to commercially exploit it overseas through offer of various petroleum-related services. As such, even now the industry meets the expenditure, if any, which arrangement may continue if the industry feels the need for that organization and those services.

4.7 As for the Oil Coordination Committee, the industry funds it and it will cease to exist after the dismantling of the APM; and this is covered by separate decisions of the government.

5. Changing Scenario, Analysis & Comments:

5.1. As early as 1986, government started offering exploration blocks to private investors. The process of opening up the entire petroleum sector began in 1991. Apart from exploration blocks, government has been offering discovered fields too for joint development. Government has since decided that national oil companies (NOCs) too like private operators will in future get exploration blocks only on a competitive bidding basis. Prices, both for crude oil and natural gas, will be at international market rates. The Directorate General of Hydrocarbons has been set up as an independent regulator for reservoir management. Government has further decided that by April 2002, all P.O.L. products will be deregulated. (Currently, except for transportation fuels and ATF, others are on OGL). While prices of all products will be decontrolled, subsidies on selected products will be transferred to the budget. Refineries have been de-licensed and 100% FDI is allowed. Private players are allowed to invest in marketing of P.O.L. with some entry criteria only for transportation fuels. Pool account will be discontinued and a market regulator appointed to ensure a level playing field to all players. All PSUs except the flagship companies – ONGC, IOC and GAIL will have government equity below 51%. That the government is adhering to the scheduled deregulation by April 2002 has been reaffirmed in the last budget speech of the Finance Minister and subsequently reiterated by the Minister for Petroleum & Natural Gas. Thus, except for policy formulation and managing the three flagship PSUs, the rest of the work in the ministry will either cease to exist or be transferred to a regulator.

5.2. The impact of the above on the existing structure of the ministry is discussed below.

5.3. As far as exploration and production (E&P) activities are concerned there are a large number of private players today operating in the country in addition to the two national oil companies (NOCs). Government has constituted the Directorate General of Hydrocarbons, who among other things is responsible for ensuring that the reservoirs are managed according to the best practices in the industry. By virtue of the data base and the expertise built up in DGH, he is best qualified to act as a technical adviser also to the government in E&P matters, which is one of his functions. Prior to the constitution of DGH, Adviser (Exploration) was performing the function of technical advice to government in E&P matters. With the charter given to DGH ***there appears to be no need for the post of Adviser (Exploration) in the ministry and this could straightaway be dispensed with.*** Further, the entire contract management in respect of several E&P companies is also being handled by the DGH. Hereafter, NOCs too will get the fields against open bidding and will enter into contract with the government, which will be again managed by the DGH. ***In view of this, the E&P functions relating to NOCs to the extent they were earlier handled in the division of JS (Exploration) will be taken over by DGH, thus leading to relief in the workload of JS (Exploration).***

5.4. At present the work of natural gas has been taken away from the exploration division and is separately handled by another Joint Secretary and a Director exclusively in charge of natural gas. Under the reforms initiated by the government, natural gas produced by NOCs along with a large number of other petroleum products will eventually be market priced; and in respect of the contracts given to the private investors they are actually selling gas at market determined prices. The administered price of gas will cease. The reservoir regulatory functions in respect of natural gas as in the case of crude oil will be handled by the DGH and/or its successor organisation while the issues relating to marketing of natural gas through pipelines etc. will be within the province of an independent regulator. It will therefore be in the fitness of things that all matters pertaining to natural gas are also handled in one division along with crude oil as was being done before. No doubt the work relating to laying of the HBJ pipeline and the formation of an exclusive gas marketing company like GAIL demanded attention and management time at the initial stages of their formation. But they do not require such exclusive focus in the ministry any more as these functions will increasingly be taken care of by the market and the regulator. ***It would, therefore, be proper to bring the functions of natural gas within the exploration division and Director (Natural Gas) may report to JS (Exploration) both for better coordination and cohesiveness; and JS (E) can now handle this work too in view of the reduced work load on E&P discussed earlier***.

5.5. A Joint Secretary is charged with the work of petroleum conservation in the ministry. The work of petroleum conservation relates to practices to be followed by a number of consuming industries and creation of awareness amongst consumers. The government has a very good structure in the PCRA, which is a fully staffed and autonomous body with field and technical staff. Apart from a CEO, there is a governing board advising PCRA headed by the Secretary (Petroleum) and consisting of CEOs of oil companies. This governing board is competent to give directions and to guide the PCRA in its field of work. There is very little to be done in the secretariat of the government department, and in fact such items of work should strictly not be handled in a department/ministry of the government. ***There is therefore no need to have any division or even a branch dealing with this item of work. The division may therefore be done away with and the function of natural gas handled in this division be added to Exploration Division. As stated in para 5.4 above, Director (Natural Gas) may report to JS (Exploration).***

5.6. JS (Refineries) deals with the functions relating to refineries, pricing of petroleum products and matters relating to the OCC. Here too, it should be noted that under the reforms so far announced, the refinery sector is totally de-licensed and 100% FDI is also allowed. Stand-alone PSU refineries are being taken over by PSU refining / marketing companies and the stand-alone PSU marketing company (IBP) is being divested. Several private refineries have been set up or are being set up. Except for administered price for transportation fuels, others have been taken out of price control. Expert committees have recommended that the few remaining subsidies be transferred from the industry account to the government budget. The task of ensuring a level playing field in marketing and distribution of petroleum products will also eventually go to an independent regulator. Thus, a large number of functions relating to licensing, administration of prices and subsidies will go out of the purview of the ministry as well as the OCC. To the extent that there are some administered prices or subsidies to be operated through the budget, ***these functions could easily be handled by JS & FA who in any case is even now associated with this work.***

5.7. It would be pertinent to discuss here the functions of the marketing division also. As pointed out earlier, with the decision completely to do away with the administrative price mechanism (APM) by 31.3.2002, and with regulatory functions being handed over to a regulator outside the ministry, the only work that will remain in the ministry will be on matters concerning the public sector undertakings. Thus, taking refinery and marketing divisions together, it is evident that a substantial part of the present workload will not be there by 31.3.2002. The ministry will be left with only the residuary functions relating to the public sector undertakings (PSUs) and policy formulation in respect of refinery and marketing, if any. This residuary workload in the ministry will not justify two separate divisions for marketing and refining. A single division within the ministry for refining and marketing or by whatever name it is called should be able to carry out these functions better. ***It would, therefore, be sufficient for the ministry to have a single division for dealing with the residuary matters in refining and marketing, and with any price stabilisation mechanism that may be put in place when OCC is abolished. Only the post of one JS need be retained and that of Additional Secretary can be dispensed with.***

5.8. In sum, therefore what is proposed above is:

(i) The post of Joint Secretary (Conservation) as also the division dealing with conservation be done away with, and the functions relating to natural gas at present being handled by him be added to those of JS (Exploration); (Para 5.5 supra)

(ii) Matters relating to any subsidies that may still subsist be transferred to the government budget and be handled by JS&FA (Para 5.6 supra);

(iii) The post of Additional Secretary be abolished and a single division with one Joint Secretary be entrusted with the residuary matters both in regard to refining and marketing, and any price stabilization mechanism that may be introduced after OCC is abolished (Para 5.7 supra)

Thus, as against one Additional Secretary and four Joint Secretaries (including FA) at present, the revised structure would have only 3 Joint Secretaries (including FA). In other words, this in effect would mean a reduction of one post of JS from the 3 JS + 1 FA that the ministry was having, just prior to initiation of reforms. If, however, for administrative reasons, it is found necessary to have the post of an Additional Secretary, then one of the two remaining posts of Joint Secretaries (excluding FA) may be operated at the level of Additional Secretary, who would be entrusted with a separate division (with no Joint Secretary reporting to him or her). In that case, under the revised staffing structure there would be one Additional Secretary, and only one Joint Secretary, excluding the FA

5.9. The reduced staffing pattern would take effect once the petroleum sector is fully deregulated, including abolition of the administered price mechanism (APM) to take effect from 1.4.2002. However, during the period of transition between the abolition of APM and total deregulation of the petroleum sector thereafter, one of posts of Joint Secretary proposed to be abolished may be operated if need be, but for a period not exceeding one year

5.10. ***At the lower levels, one DS/Director looking after marketing functions and one DS/Director looking after pricing and refinery matters with the support staff of Section/Desk and one desk of Under Secretary supported by a conventional section for PSU work, should be more than adequate. The subordinate level posts in the ministry may also be reduced correspondingly after an intensive review of the revised workload.*** The other functions of the ministry relating to administration, vigilance, coordination may be retained and distributed among the three Joint Secretaries, along with the work relating to the public sector organisations to the extent that they are not divested. Based on the above discussion, a statement showing the reduction in the number of posts of the level of S.O. and above, is appended at ***Annexe 'B'***

5.11. The Commission understands that a large number of persons drawn from PSUs and other organisations work in the ministry in informal or other capacities. Perhaps this practice also extends to use of equipment and other facilities, and is not confined to personnel alone. These are pernicious practices that need to be stopped forthwith. All requirements of additional staff and equipment should be justified in their own right; resort to such camouflaged use of resources is deprecated.

5.12. Separately, in the report on the Department of Chemicals and Petrochemicals, it has been recommended that the Petrochemicals Division, which was shifted from the Petroleum Ministry to the Department of Chemicals in 1980 be brought back and merged with the Ministry of Petroleum and Natural Gas. Except for residuary work of PSUs relating to disinvestments of IPCL and winding up of Petrofils Cooperatives Ltd., there is very little traditional industrial licensing work left with the Petrochemicals Division in the Department of Chemicals and Petrochemicals. A separate division for petrochemicals work is, therefore, not considered necessary anymore. Posts of Joint Secretary and some other officers/staff including subordinate staff are proposed to be abolished. The remaining posts of Director – 1; Under Secretary – 1; Desk Officer – 1; Deputy Director (Tech) –2; Assistant Director (Tech) – 1; and the corresponding subordinate level posts, which are proposed to be retained for handling the residuary work, would be placed with the Ministry of Petroleum and Natural Gas along with the incumbents of these posts. There should be no need to have a post of Joint Secretary exclusively to look after the petrochemicals work in the Ministry of P&NG as this work can be entrusted to either JS(Exploration) or JS(Marketing/Refineries).

Annexe 'A'

Sanctioned/Existing strength of Ministry of Petroleum & Natural Gas

Group A	Sanctioned	Existing	Vacant
Secretary – 1, Addl. Secretary – 1, Joint Secy. – 4, Advisor – 2, Director/Dy. Secy. – 8, Jt. Advisor – 2, Dy. Dir. – 2, U.S. – 9, Others – 5 (Sr. PPS, PS, SA. AD & RO)	34	32	2
Group 'B' PAO – 1, Int. Audit Officer – 1 SO/DO – 23, Asstt. Dir. (OL) – 1 Record Officer – 1, Asstt. Library Information Officer – 1 PS – 10, AAO – 2, Asstt. – 38, Pas –20, Research Asstt. – 1	99	94	5
Group 'C'	106	98	3
Group 'D'	75	72	3

Annexe 'B'

Proposed Staffing of Ministry Of Petroleum & Natural Gas

<table>
<tr><th></th><th>Sanctioned</th><th>Actual</th><th>To be retained</th><th>To be abolished</th></tr>
<tr><td>Secretary</td><td>1</td><td>1</td><td>1</td><td>-</td></tr>
<tr><td>Addl. Secretary</td><td>1</td><td>1</td><td rowspan="2">3</td><td rowspan="2">2[@]</td></tr>
<tr><td>Joint Secretary</td><td>4</td><td>4</td></tr>
<tr><td>Adviser</td><td>2</td><td>1</td><td>-</td><td>2</td></tr>
<tr><td>Director/DS</td><td>8</td><td>8</td><td>5</td><td>3</td></tr>
<tr><td>Jt. /Dy. Adviser</td><td>2</td><td>2</td><td>2</td><td>-</td></tr>
<tr><td>Deputy Director</td><td>2</td><td>2</td><td>1</td><td>1[*]</td></tr>
<tr><td>Sr. PPS</td><td>1</td><td>-</td><td>1</td><td>-</td></tr>
<tr><td>U.S.</td><td>9</td><td>9</td><td>6</td><td>3</td></tr>
<tr><td>Sr. Analyst</td><td>1</td><td>1</td><td>1</td><td>-</td></tr>
<tr><td>P.P.S.</td><td>1</td><td>1</td><td>-</td><td>1</td></tr>
<tr><td>Asst. Dir. (Cost)</td><td>1</td><td>1</td><td>-</td><td>1</td></tr>
<tr><td>R.O.</td><td>1</td><td>1</td><td>1</td><td>-</td></tr>
<tr><td>D.O./S.O.</td><td>23</td><td>23</td><td>16</td><td>7</td></tr>
<tr><td>Asst. Dir. (OL)</td><td>1</td><td>1</td><td>1</td><td>-</td></tr>
<tr><td>Total</td><td>58</td><td>56</td><td>38</td><td>20</td></tr>
</table>

[@] One of these posts may be continued during the transitional period, but for not more than one year.

[*] The post may continue during the transitional period but for not more than one year.