

# THE PETROLEUM AND NATURAL GAS REGULATORY BOARD ACT, 2006

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## ARRANGEMENT OF SECTIONS

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### CHAPTER I

#### PRELIMINARY

#### SECTIONS

1. Short title, extent, commencement and application.
2. Definitions.

### CHAPTER II

#### PETROLEUM AND NATURAL GAS REGULATORY BOARD

3. Establishment and incorporation of the Board.
4. Qualifications for appointment of Chairperson and other members.
5. Term of office, conditions of service, etc., of Chairperson and other members.
6. Powers of Chairperson.
7. Removal of Chairperson or any other member from office.
8. Meetings of the Board.
9. Vacancies, etc., not to invalidate proceedings of the Board.
10. Officers and other employees of the Board.

### CHAPTER III

#### FUNCTIONS AND POWERS OF THE BOARD

11. Functions of the Board.
12. Powers regarding complaints and resolution of disputes by the Board.
13. Procedure of the Board.

### CHAPTER IV

#### REGISTRATION AND AUTHORISATION

14. Register.
15. Registration of entities.
16. Authorisation.
17. Application for authorisation.
18. Publicity of applications.
19. Grant of authorisation.
20. Declaring, laying, building, etc., of common carrier or contract carrier and city or local natural gas distribution network.
21. Right of first use, etc.
22. Transportation tariff.
23. Suspension or cancellation of authorisation.

### CHAPTER V

#### SETTLEMENT OF DISPUTES

24. Board to settle disputes.

## SECTIONS

25. Filing of complaints.
26. Power to investigate.
27. Factors to be taken into account by the Board.
28. Civil penalty for contravention of directions given by the Board.
29. Orders passed by Board deemed to be decrees.

## CHAPTER VI

### APEALS TO APPELLATE TRIBUNAL

30. Appellate Tribunal.
31. Technical Member (Petroleum and Natural Gas).
32. Terms and conditions of service of Technical Member (Petroleum and Natural Gas).
33. Appeals to Appellate Tribunal.
34. Procedure and powers of the Appellate Tribunal.
35. Power of Appellate Tribunal to make rules.
36. Orders passed by Appellate Tribunal to be executable as a decree.
37. Appeal to Supreme Court.

## CHAPTER VII

### FINANCE, ACCOUNTS AND AUDIT

38. Grants by Central Government.
39. Fund.
40. Accounts and audit.
41. Annual report and its laying before Parliament.

## CHAPTER VIII

### POWER OF CENTRAL GOVERNMENT

42. Power of Central Government to issue directions.
43. Taking over control and management of facilities and business premises of any entity and retail outlets in public interest.

## CHAPTER IX

### OFFENCES AND PUNISHMENT

44. Punishment for contravention of directions of the Board.
45. Penalty for wilful failure to comply with orders of Appellate Tribunal.
46. Punishment for unauthorised activities.
47. Punishment for establishing or operating a liquefied natural gas terminal without registration.
48. Punishment for laying, building, operating or expanding a common carrier or contract carrier without authorisation.
49. Punishment for wilful damages to common carrier or contract carrier.
50. Offences by companies.

## CHAPTER X

### MISCELLANEOUS

51. Maintenance of data bank and information.

## SECTIONS

52. Obligations of entities.
53. Furnishing of returns, etc., to Central Government.
54. Chairperson, members, etc., to be public servants.
55. Protection of action taken in good faith.
56. Civil courts not to have jurisdiction.
57. Cognizance of certain offences.
58. Delegation.
59. Power to remove difficulties.
60. Power of Central Government to make rules.
61. Power of Board to make regulations.
62. Rules and regulations to be laid before Parliament.
63. Transitional arrangements.

# THE PETROLEUM AND NATURAL GAS REGULATORY BOARD ACT, 2006

ACT NO. 19 OF 2006

[31st March, 2006.]

An Act to provide for the establishment of Petroleum and Natural Gas Regulatory Board to regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas so as to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas and to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of the country and to promote competitive markets and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Fifty-seventh Year of the Republic of India as follows:—

## CHAPTER I

### PRELIMINARY

**1. Short title, extent, commencement and application.**—(1) This Act may be called the Petroleum and Natural Gas Regulatory Board Act, 2006.

(2) It extends to the whole of India.

(3) It shall come into force on such date<sup>1</sup> as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

(4) It applies to refining, processing, storage, transportation, distribution, marketing and sale of petroleum, petroleum products and natural gas excluding production of crude oil and natural gas.

**2. Definitions.**—In this Act, unless the context otherwise requires,—

(a) “affiliate code of conduct” means the code of conduct governing entities engaged in storage, transmission, distribution, marketing and sale of natural gas under sub-section (1) of section 21;

(b) “Appellate Tribunal” means the Appellate Tribunal referred to in section 30;

(c) “appointed day” means the date on which the Board is established under sub-section (1) of section 3;

(d) “authorised entity” means an entity—

(A) registered by the Board under section 15—

(i) to market any notified petroleum, petroleum products or natural gas, or

(ii) to establish and operate liquefied natural gas terminals, or

(B) authorised by the Board under section 16—

(i) to lay, build, operate or expand a common carrier or contract carrier, or

(ii) to lay, build, operate or expand a city or local natural gas distribution network;

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1. 1st October, 2007 (except s. 16), *vide* notification No. G.S.R. 637(E) dated 1st October, 2007, *see* Gazette of India, Extraordinary, Part II, sec. 3(ii).  
15th July, 2010,--Section 16, *vide* notification No. G.S.R. 596(E), dated 12th July, 2010, *see* Gazette of India, Extraordinary, Part II, sec. 3(ii).

(e) “auto liquefied petroleum gas” 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 conform to such specifications for use as fuel in vehicles, as the Central Government may, in consultation with the Bureau of Indian Standards, notify from time to time;

(f) “Board” means the Petroleum and Natural Gas Regulatory Board established under sub-section (1) of section 3;

(g) “Bureau of Indian Standards” means the Bureau of Indian Standards established under section 3 of the Bureau of Indian Standards Act, 1986 (63 of 1986);

(h) “Chairperson” means the Chairperson of the Board appointed under sub-section (1) of section 4;

(i) “city or local natural gas distribution network” means an inter-connected network of gas pipelines and the associated equipment used for transporting natural gas from a bulk supply high pressure transmission main to the medium pressure distribution grid and subsequently to the service pipes supplying natural gas to domestic, industrial or commercial premises and CNG stations situated in a specified geographical area.

*Explanation.*—For the purposes of this clause, the expressions “high pressure” and “medium pressure” shall mean such pressure as the Central Government may, by notification, specify to be high pressure or, as the case may be, medium pressure;

(j) “common carrier” means such pipelines for transportation of petroleum, petroleum products and natural gas by more than one entity as the Board may declare or authorise from time to time on a non-discriminatory open access basis under sub-section (3) of section 20, but does not include pipelines laid to supply—

(i) petroleum products or natural gas to a specific consumer; or

(ii) crude oil;

*Explanation.*—For the purposes of this clause, a contract carrier shall be treated as a common carrier, if—

(i) such contract carrier has surplus capacity over and above the firm contracts entered into; or

(ii) the firm contract period has expired.

(k) “CNG station” means filling station where one or more dispensing units are provided for sale of compressed natural gas;

(l) “compressed natural gas or CNG” means natural gas used as fuel for vehicles, typically compressed to the pressure ranging from 200 to 250 bars in the gaseous state;

(m) “contract carrier” means such pipelines for transportation of petroleum, petroleum products and natural gas by more than one entity pursuant to firm contracts for at least one year as may be declared or authorised by the Board from time to time under sub-section (3) of section 20;

(n) “dealer” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, and appointed by an oil company to purchase, receive, store and sell motor spirit, high speed diesel, superior kerosene oil, auto liquefied petroleum gas or natural gas;

(o) “distributor” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, and appointed by an oil company to purchase, receive, store and sell to consumers liquefied petroleum gas in cylinders;

(p) “entity” means a person, association of persons, firm, company or co-operative society, by whatsoever name called or referred to, other than a dealer or distributor, and engaged or intending to be engaged in refining, processing, storage, transportation, distribution, marketing, import and export