

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:3963
ANSWERED ON:22.03.2001
SALE OF LUBRICANTS AT CHEAPER RATES
ADHIR RANJAN CHOWDHURY

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the oil corporations are selling lubricants to their lube distributor and exclusive show rooms on cheaper rates as compared to the retail outlet dealers;
- (b) if so, the reasons therefor;
- (c) whether the present dealer's commission structure does not provide any provision for dealers remuneration;
- (d) if so, whether the profits of free trade products can be deducted out of the cost break-up of products covered under APM; and
- (e) the time by which the system is likely to be made applicable?

Answer

MINISTER OF STATE FOR PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a) & (b): Lubricants are decontrolled products. The prices of lubricants for different market segments like distributors, retail outlets dealers are fixed by the oil companies depending upon the individual marketing strategy. The basic price invoiced for lube distributors and retail outlet dealers of Indian Oil Corporation are same. However, the lube distributors are given marginally higher incentive to compete in the open market. The price of IBP Co.Ltd to its lube distributors is lower as compared to the price for retail outlets dealers. The billing price of lubricants to lube distributors and retail outlet dealers of Bharat Petroleum Corporation Limited is identical. However various incentive and sales promotion schemes are offered to different channels from time to time. Hindustan Petroleum Corporation Limited sells lubricants to its retail outlet dealers at company's basic selling price whereas lubricants are supplied to lube distributors at discount to the basic selling price.

(c) to (e) : Like prices of lubricants, oil companies administer the dealers' commission for sale of lubricants. Government does not go into the pricing of lubes.