

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

UNSTARRED QUESTION NO:3814
ANSWERED ON:17.08.2000
DEALERS` COMMISSION
ADHIR RANJAN CHOWDHURY

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

- (a) the volume of MS and HSD has been taken into consideration while fixing dealers` Commission to make the petrol pump economically viable;
- (b) the average fixed investment incurred by Oil Corporations at present for the development of `A` site petrol pump;
- (c) the date on which the volume distance norms were framed and the objectives thereof;
- (d) the cost of investment on fixed assets per kilolitre is calculated as per volume distance norms and the mode of recovery; and
- (e) the utility of roaster/marketing plan?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

a) Yes Sir

b) The average fixed investment for `A` site petrol pump would vary from Rs.40 lakhs to Rs.60 lakhs. After detailed discussions with the Oil Industry, the Volume-Distance norms were finalized and issued in March, 1978. These norms were revised in August, 1980 in order to ensure the planned growth and spreading of retail outlets to remote areas etc. The average fixed assets was arrived on the basis of the sample survey carried out with respect to retail outlets spread all over the country. This element has been included in the dealers` commission and subsequently recovered as License Fee Recovery (LFR) from the dealers depending upon the level of investment. Where company`s investment is maximum, the LFR is highest, the company`s investment is low, i.e. at dealer controlled sites, such recovery is lower.

The objective of Marketing Plan is the planned development of retail outlets in the country by the oil companies ensuring that

- (i) there is no duplication of locations/facilities thereby preventing national waste,
- (ii) the retail outlets do not become unviable and
- (iii) retail outlets are developed in rural areas/remote corners of the country. The objective of the Roster is to ensure allotment of dealership to each category like SC/ST, Open etc. in accordance with the specified percentage of reservation for that category.