

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

UNSTARRED QUESTION NO:3468
ANSWERED ON:15.12.2005
REIMBURSEMENT OF DD COMMISSION
Chowdhury Shri Adhir Ranjan;Kuppusami Shri C.

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

- (a) whether the system of reimbursement of DD commission to petrol pump dealer during the APM regime was continued by the Oil PSUs after dismantling of APM;
- (b) whether the cost of DD commission was merged in the dealers` commission;
- (c) if not, the reasons for changing the systems arbitrarily by oil industry and its impact on the profitability of dealers particularly located in rural and remote areas;
- (d) the probable impact of changes on the market share of Oil PSUs in the long run;
- (e) whether the Oil PSUs have sought permission/approval from the Government in this regard; and
- (f) if not, the reasons therefor ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a): Yes, Sir.

(b): No, Sir.

(c)&(d): Considering the competitive scenario and the fact that most banks were found to waive demand draft charges owing to introduction of Electronic Fund Transfer facilities, a decision was taken by the Oil Marketing Companies (OMCs) to discontinue reimbursement of demand draft making charges, effective midnight of 11-12/09/05. However, on account of serious objections raised by the Federation of All India Petroleum Traders (FAIPT), the OMCs have decided to continue reimbursement of demand draft making charges, at actuals, for the time being and in the meantime take up with the banks the question of introducing electronic transfer facilities and waiving DD charges.

(e)&(f): Since the announcement of the dismantling of the Administered Pricing Mechanism (APM), the issue of dealers` commission is to be decided by the OMCs based on market considerations. No Government permission/approval is required but the Ministry is from time to time required to play a facilitating role.