

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

UNSTARRED QUESTION NO:2739

ANSWERED ON:25.11.2010

OPENING OF RETAIL OUTLETS BY PRIVATE COMPANIES

Satpathy Shri Tathagata

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

- (a) whether the Government has decided to allow the private companies to start retail outlets for petro-products;
- (b) if so, the details thereof;
- (c) whether the public sector oil companies are lagging behind to open retail outlets in semi-urban areas;
- (d) if so, the number of outlets proposed to be set up in these areas in the next two years;and
- (e) the time by which a decision is likely to be taken ?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIJITINPRASADA)

(a) & (b); The Government vide its resolution dated 8th March 2002 laid down detailed guidelines for granting authorization to market transportation fuels, namely, Motor Spirit (MS), High Speed Diesel (HSD) and Aviation Turbine Fuel (ATF) to new entrants, including the private sector. The authorization to market transportation fuels, as per these guidelines is available to a company investing or proposing to invest ? 2000 crores in the specified categories. The details are as under :-

(i) Companies investing or proposing to invest t 2000 crore in exploration and production, refining, pipelines or terminals may be granted authorization to market MS, HSD and ATF.

(ii) Eligible investments would be in setting up new refineries, expansion of existing refineries, exploration and production of hydrocarbons including coal bed methane, and associated facilities like crude oil/natural gas pipelines and processing plants, terminals for crude oil/LNG, common carrier, natural gas/petroleum products/LPG pipelines and investments in these activities for setting up additional assets for improvement of product quality to meet environmentally related statutory requirements.

(iii) Investments should be in the form of equity, equity like instruments or debt with recourse to the company and should result in the additionality to the existing assets and/or creation of new assets in the eligible activities.

(iv) In case of companies proposing to invest a bank guarantee of Rs 500 crore will be obtained to ensure that they fulfill their commitment. Further, the time frame for making investments in the eligible activities would be 10 years including the period of 5 years earmarked for financial closure.

(v) Every eligible company would get only one authorization and it will not be transferable without permission of the Government. The applicant will be required to submit a scheme for marketing to the Government or the Regulatory Board and while granting authorization, Government may impose conditions in public interest including the obligation to set up atleast 5.6% of its retail outlets in remote areas and 5.3% in low service areas as notified from time to time. The eligible company will not encroach upon the retail networks of existing marketing companies.

In terms of the Resolution dated 8th March 2002, Government have granted authorization to market transportation fuels to four private companies namely, M/s. Reliance Industries Limited (RIL), M/s. Essar Oil Limited (EOL), M/s. Shell India Marketing Pvt. Limited (SIMPL) and M/s. Reliance Petroleum Limited (RPL).

(c) to (e): New Retail Outlets (ROs) are set up by the Oil Marketing Companies (OMCs) at identified locations based on surveys and feasibility studies. Locations found to be having sufficient potential and which are economically viable are rostered in the State-wise Marketing Plans for setting up of ROs.