

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

UNSTARRED QUESTION NO:4470

ANSWERED ON:21.02.2014

EXPANSION OF RETAIL OUTLETS

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

- (a) whether the Government has directed the Public Sector Oil Marketing Companies to suspend expansion of retail outlets;
- (b) if so, the details thereof along with the reasons therefor;
- (c) whether the Government has directed the Public Sector OMCs to undertake the scientific and rational survey and identify the retail outlets selling less than 200 kilolitres per month; and
- (d) if so, the details thereof and the response of the OMCs thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAAKA LAKSHMI)

(a) No, Madam.

(b) Does not arise.

(c) & (d) Yes, Madam. Based on the recommendations of the 9th report of the Standing Committee on Petroleum & Natural Gas 2005-06, Oil Marketing Companies (OMCs) were requested to undertake a survey by an independent agency to identify the retail outlet selling less than 200 KL/month alongwith reasons for declining throughput and deterioration of services. Accordingly, OMCs got the study conducted by Indian Institute of Management, Ahmedabad.

The brief findings of the study are as under:

- > Network Expansion by PSU OMCs in line with the developed markets where the number of outlets swelled and then shrank to stabilize.
- > Status Quo in Network Expansion could have led to a higher loss to private competition, which would not have been possible to regain.
- > OMCs are getting Return on Investment (ROI) as per norm.

The current status in the above matter is that development of ROs is a commercial decision and is to be undertaken by OMCs subject to meeting internal financial viability norms and target Internal Rate of Return (IRR).