

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
STARRED QUESTION NO. 63
ANSWERED ON 29/07/2024

Revision of dealer margin

63 SHRI K.R.N. RAJESHKUMAR:

Will the Minister of Petroleum and Natural Gas be pleased to state:

- (a) whether Government is planning to revise the dealer margin to account for inflation and the operational costs of petroleum dealers nationwide, if so, details thereof and if not, reasons therefor;
- (b) whether Government has received any grievances from any stakeholders regarding the issue of stagnant dealer margins;
- (c) the measures taken by Government to ensure the sustainability of petroleum retail outlets and the quality of their services to customers; and
- (d) whether Government is considering to form a committee to conduct a study of issues faced by petroleum dealers across the country, if so, details thereof and if not, reasons therefor?

ANSWER

MINISTER OF PETROLEUM AND NATURAL GAS
(SHRI HARDEEP SINGH PURI)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) IN RESPECT OF RAJYA SABHA STARRED QUESTION NO. 63 FOR REPLY ON 29.07.2024 REGARDING REVISION OF DEALER MARGIN ASKED BY SHRI K.R.N. RAJESHKUMAR:

(a) to (d): Petrol and diesel are marketed at retail outlets run by Oil Marketing Companies (OMCs) in both public and private sector. As of 01.07.2024, there were 90,639 retail outlets in the country of which about 90% belong to public sector companies and rest to the private sector companies.

Retail marketing of petrol and diesel is deregulated and decisions regarding their prices, including dealer margins, are taken by respective companies themselves.

For PSU OMCs, Dealer margins on retail sale of petrol and diesel primarily include operating costs, manpower costs / wages of employees, business returns, etc. Dealer margins were revised by PSU OMCs in August 2017. This revision had factored in a higher rate of wages to RO staff by dealers, which was based on Minimum Wages notified by the Central Government. Subsequent to the revision, OMCs advised the RO dealers to pay these prescribed wages to RO staff. To ensure implementation of revised wages by RO dealers, OMCs introduced appropriate clauses in Marketing Discipline Guidelines (MDG)- 2012.

However, while the revised dealer margins were implemented, several dealer federations challenged the MDG amendments relating to inter-alia payment of higher wages in various courts. While deciding the petitions filed by one dealer association, in January 2022, Hon'ble Delhi High Court upheld the amendments in the MDG. However, dealer associations filed Special Leave Petition (SLP) before the Hon'ble Supreme Court challenging the order passed by Hon'ble Delhi High Court and the matter is currently sub-judice.

Discussions and Negotiations regarding revision of dealer commission are held bilaterally between PSU OMCs and RO dealers' federations. Government is aware of these discussions and has been supportive of such engagements to resolve pending issues affecting revision. Government has also received several representations regarding revision of dealer margin from dealer federations, which are forwarded to public sector OMCs for necessary action.

To ensure the sustainability of petroleum retail outlets and the quality of their services to customers, OMCs have added new generation fuels viz. premium MS/HSD, alternate fuels like Compressed Natural Gas (CNG), Compressed Bio Gas (CBG), Electric Vehicle Charging Stations (EVCS) and have been encouraging non-fuel businesses like Pollution Under Control (PUC) check, Insurance, Courier service, Service center for vehicle, Grocery stores, Convenience stores, Food & Beverages outlets etc.

To improve the quality of services at Retail Outlets, OMCs have formulated Marketing Discipline Guidelines 2012 and encourage the dealers to provide excellent customer services at

the ROs with highest standards of business ethics. System of Citizen charter has also been implemented and hosted on OMCs website.

Universal Service Obligations (USOs) have been prescribed so that authorized entities provide quality and uninterrupted fuel supply services to the consumers. These USOs, inter alia, require:-

- Maintaining supplies of MS and HSD to retail consumers throughout the specified working hours and of specified quality and quantity.
- Ensuring availability of minimum facilities as specified by the Government, to all the retail consumers at the retail outlet.
- Maintaining minimum inventory levels of MS and HSD as specified by the Government from time to time.
- Providing service to any person on demand within a reasonable period of time and on non-discriminatory basis.
- Availability of fuel to the customers at reasonable prices all the time.

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