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No. P-19011/5/2010 - IOC  
Government of India  
Ministry of Petroleum and Natural Gas

Shastri Bhawan, New Delhi  
Dated: 6<sup>th</sup> April, 2011.

To,

Chief Executive Officers of BPCL / HPCL / IOC

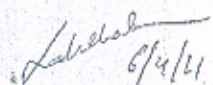
Subject: New criteria for conducting of feasibility studies for new ROs / preparation of new Marketing Plan.

Pursuant to the meeting taken by Secretary (P&NG) on 15.3.11 on the subject mentioned above, the matter has been further examined in the Ministry. It has been decided that while conducting feasibility study for opening of new ROs / preparation of marketing plan in future, OMCs will henceforth comply with the following conditions:

- (i) The OMCs should consider the appropriate returns for financial viability of a new RO which from the gross margin available to OMCs on MS/HSD is Rs.354/kl.
- (ii) The OMCs should give greater emphasis on setting up of 'B' site ROs in preference 'A' site ROs as the cost would be much lower while returns would be similar. OMCs will have to work out a compensation mechanism for 'B' site ROs where the dealer is compensated adequately.
- (iii) The OMCs may works out a mechanism where the ED (Retail) of the three OMCs may decide by consensus on expansion of network in new areas like developing suburbs in cities, new highways, road bypass/diversion or areas showing very high growth and existing infrastructure is adequate.
- (iv) No restriction may apply for rural ROs which are anyway low cost ROs and are giving adequate returns.

2. This issues with the approval of MOS (P&NG).

Yours sincerely,

  
(Lalchandama)

Under Secretary to the Govt. of India

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