

Unified Guideline for Selection of LPG Distributors - Released by Hon'ble Minister (PNG)

For ALL STATE LPG INCHARGES, AREA MANAGERS AND STATE LPG-SALES INCHARGES

In a Press Conference held on 03.06.2016 in Delhi, Hon'ble Minister released Unified Guideline for Selection of LPG Distributors and announced that the process of appointment of 10,000 new Distributors will be initiated IN YEAR 2016.

This brings us to the point where Industry has to start identifying feasible locations for new Distributors, followed by preparation of marketing plan at State level. The relevant portion from the new 'Unified Guideline' relevant for identification of feasible locations and making marketing plan is produced below:

Quote

1.1. Type of Distributorship Area:

- i. Sheheri Vitrak: In the guidelines, the word 'Urban Area' will have the definition of 'Urban' as per Census 2011. LPG distributorship located in 'Urban Area(U)' will service the LPG customers located within the Municipal Limits of the Metro city/City/Town and will be called Sheheri Vitrak.
- ii. Rurban Vitrak: In the guidelines, the word Rural Urban means LPG Distributor located in 'Urban Area' and also providing service to the LPG Customers in specified 'Rural Area', generally covering all villages falling within 15 km from the municipal limits of the LPG distributorship location and or the area specified by the respective OMCs. LPG Distributors servicing this area will be called Rurban Vitrak.
- iii. Gramin Vitrak: In the guidelines, the word 'Rural Area' will have the definition of 'Rural' as per Census 2011. LPG distributorship located in 'Rural Area' will be called as Gramin Vitrak and will service the LPG customers of the specified rural area. Generally it will cover all villages falling within 15 km from the boundary limits of the LPG Distributorship location and or the area specified by the respective OMCs.
- iv. Durgam Kshetriya Vitrak (DKV): LPG distributors in Difficult and Special Areas (like Hilly regions, Forests area, Tribal inhabited area, sparsely populated, disturbed area, islands, Left Wing Extremism (LWE) affected areas) will be set up where setting up of Gramin and Rurban Vitrak are not feasible. Such LPG Distributors will be called as Durgam Kshetriya Vitrak (DKV). They will service the LPG customers situated in such DKV areas as specified by the respective OMCs.

1.2. Unified Selection Guidelines (USG) means selection guidelines with uniform procedure of selection for the following categories of Distributors "Sheheri Vitrak, Rurban Vitrak, Gramin Vitrak and Durgam Kshetriya Vitrak".

- 1.3. Metro city is a city classified as "X" on the basis of Office Memorandum issued vide F.No. 2/5/2014-E.II(B) dated 21.7.2015 by Ministry Of Finance for the purpose of grant of HRA i.e Delhi (UA), Greater Mumbai (UA), Chennai (UA), Kolkata (UA), Hyderabad (UA), Ahmedabad (UA), Bengaluru (UA) and Pune (UA).
- 1.4. City is a city classified as "Y" on the basis of Office Memorandum issued vide F.No. 2/5/2014-E.II(B) dated 21.7.2015 by Ministry of Finance for the purpose of grant of HRA.
- 1.5. Towns are the remaining towns not covered under Metro city and City as defined above.
- 1.6. Village means the basic unit for rural areas which is the revenue village which has definite surveyed boundaries. The revenue village may comprise several hamlets.
- 1.7. 'LPG Suvidha Kendra' is a place in village set up on temporary basis and managed by an authorized person of concerned Durgam Kshetriya Vitark. From the 'LPG Suvidha Kendra' LPG customers will get products and services related to LPG like new LPG connections, supply of LPG cylinders refill, attending to LPG Leakage complaints, servicing of LPG gas Stoves/hotplate, building awareness on use of LPG, etc. The facility can be withdrawn at any time at the instance of the OMCs.
- 1.8. Market means a Metro city, City, town or a locality or a village in which LPG Distributorship is located.
- 1.9. Virgin Market means a town or a village where no LPG Distributorship is located and not serviced by any LPG distributor of OMC. Cluster of villages includes village considered for working out refill sale potential for considering the feasibility for setting up of a Gramin Vitark or Durgam Kshetriya Vitark.
- 1.10. 200-point Roster means a set of serial numbers from 1 to 200, against each serial number reservation category is allocated such that when 200 numbers of Distributors are planned in the Roster, the percentage reservation of each category is achieved. The principle will not apply for such locations which are considered beyond marketing plan or locations under Durgam Kshetriya Vitark where distributorships are to be granted based on nomination basis to Government run Co-operative Societies/Department Organizations.
- 1.11. Area of Operation of LPG distributorship means an area consisting of Towns/Villages in which the respective LPG distributor will market LPG cylinders as determined by the concerned OMC.
- 1.12. Ceiling Limit means maximum limit of refill sale of domestic LPG cylinders in terms of 14.2 kg capacity per month of the distributorship for the market.

- 1.13. District Level Committee (DLC) means a committee consisting of 3 Field Officers, one each from BPC, HPC and IOC responsible for LPG Marketing in that District.
- 1.14. State Level Committee (SLC) means a committee consisting of 3 Officers, one officer each from BPC, HPC and IOC responsible for LPG Marketing in the concerned State.
- 1.15. HQ Level Committee (HLC): A committee consisting of 3 officers, one officer each from BPC, HPC and IOC responsible for LPG Marketing at Head office of the Oil Marketing Company.

2.1.1.1 Existing Market

2.1.1.1.1 Market ceiling

The market refill ceiling limit is the maximum number of the domestic refill sales stipulated for LPG Distributorships and based on the market. Market Ceiling Limit and the Feasibility Norm for different types of Distributorship Area is proposed below:

Table 1

Type of Distributorship area	Population as per census 2011	Refill Ceiling Limit per month	Refill Sale per month for Feasibility limit
Sheheri Vitrak	Cities with population > 40 lakh	20,000	10,000
	Cities with 20 to 40 lakh population	15,000	7,500
	Cities with 10 to 20 lakh population	12,000	6,000
Rurban Vitrak	Towns with < 10 lakh population	10,000	5,000
Gramin Vitrak	Village / Cluster of villages	5,000	2,500
Durgam Kshetriya Vitrak	Village / Cluster of villages	1,500	600

Restructuring of the LPG Distributorships viz., Sheheri Vitrak, Rurban Vitrak, Gramin Vitrak and Durgam Kshetriya Vitrak in the existing market will be planned only after the refill sale exceeds by 50% of the refill ceiling limit of the market.

Note:

- i) The proposed refill ceiling limits for LPG Distributors will be applicable for all the LPG Distributorships as defined above on prospective basis. However, the restructuring exercise for all the locations advertised prior to the above policy will continue on the basis of the pre-revised ceiling limits.

- ii) Existing Rural Distributorships with refill ceiling limit of 8800 per month will not be restructured applying new ceiling limit criteria under this Policy.
- iii) All existing RGGLV distributorships with monthly refill sale of more than 1500 will be treated as Gramin Vitark in accordance with these guidelines and with mandatory home delivery facility.
- iv) All existing RGGLV distributorships with monthly refill sale of less than 1500 will be treated as Durgam Kshetriya Vitark in accordance with this policy and without mandatory home delivery facility. However, as and when the monthly refill sale exceeds more than 1500, they will be treated as Gramin Vitark in accordance with this policy and with mandatory home delivery facility.
- v) This policy subsumes the existing Distributorships selection policy under RGGLV.
- vi) Durgam Kshetriya Vitark with monthly refill sales beyond 1500 will be treated as Gramin Vitark with upper ceiling limit of 5000 per month with mandatory home delivery of refills.
- vii) Direct allotment of LPG distributorships to State Government agencies for Durgam Areas.

2.1.2 The existing system of carrying out feasibility on Industry basis as per the feasibility study format will continue and appropriate technology may be used for identifying uncovered areas.

Unquote

Please start the process identifying new locations as per new Guideline, appropriate type of Distributor in appropriate market, together with Industry members in every District.

While identifying locations, please identify new virgin locations and also locations arising out of restructuring.

All such RGGLV locations advertised earlier and wherein Draw/ Redraw is not allowed as per the MOP & NG letter dated 04.03.2016 for resumption of the selection process for RGGLV, OMCs are seeking approval from MOP & NG for cancelling the advertisement.

All such locations identified for re-advertisement for Regular & RGGLV, reassessment of potential is to be taken into consideration for preparation of list of new feasible locations (as per the new feasibility norm and type of market).

Other details pertaining to Unified selection guidelines will follow once the selection Manual is prepared.