

TAMILNADU PETROLEUM DEALERS ASSOCIATION

Communication Address : No.10, Dr. Madhuram Colony, 2, Cross West, Thillai Nagar, Trichy - 600 018.

President

K.P. MURALI

94433 60006

murali_braddy@yahoo.com

Gen. Secretary

M. HYDER ALI

98421 40292

hyder_tnpda@yahoo.com

Treasurer

K. MANIMARAN

94431 45533

manimarank@hotmail.com

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To
Shri. Pardeep Goel
Executive Director-Retail
Bharat Petroleum Corporation Ltd
Mumbai

Respected Sir,

We would like to bring to your notice that the Dealer Margin payment rate was meant to be increased once every six months as per the Apoorva Chandra Committee (ACC) report and signed agreed as an interim measure on 04.11.2016 by the Executive Directors of the three public sector oil marketing companies, namely, BPCL, IOCL and HPCL, and the presidents of CIPD and AIPDA, the two national dealer associations.

According to the norms set by the ACC report, the margin is 90% in the case of MS and 89% in the case of HSD towards pure reimbursement, including Product Loss. The last revision happened in October 2024. Earlier, the margin was increased in August 2017. On that revision you had sent a letter on 01.08.2017 setting Rs. 27,500 as Remuneration/ Business return for 170 KL per month. In the range of 12kl-25 KL, a Business Return of Rs. 12,000 a month, and for 26-50 KL Rs 20,000 a month were set. For 51-100 KL it was fixed at Rs 24,000 a month, for 101-159 KL Rs 26,000 a month, and for 151-170 KL, 27,500 a month. For 171 KL and above it was Rs 201.76 a KL for MS and Rs 149.46 a KL for HSD. As per the ACC report the rest of the DM amount was reimbursement of expenditure. After the 2017 revision, there was a very small increase effected in 2024 after seven years following the intervention of the Hon. Minister of Petroleum. After the revision, your letter dated on 29.10.2024 stated that for below 170 KL you have considered the average 170 KL per month sales at the current month workings.



President Office Address : 8, Bharathi Road, Cuddalore - 607 001, TamilNadu.

Secretary Office Address : 33, Dindigul Road, Oddanchatram - 624 619, TamilNadu.

It is not yet clear to dealers how much you had increased for Dealer Remuneration/ Business Return from Rs.27500. We made representations at many meetings and requested for an increase in the Remuneration/Business Return from Rs.27500 to Rs. 2 lakh for 170 PKPM. After your revision the dealer margin break-up was not conveyed to dealers. Kindly invite representatives of all the registered state associations and brief them on the DM workings.

We request you to take care of your stakeholders. They are your companies backbone to generate income. After the latest DM increase, dealers are doing 170 KL per month with a thin dealer margin. The cross profit is approximately Rs 3.15 on MS and Rs 2.25 on HSD. Please consider whether this margin is sufficient for dealers to maintain retail outlets, considering all the expenditure, even many of the outlet expenditure was not considered during 2017 DM revision. To address these issues, we believe discussing matters across the table is important to bring about positive responses from both sides. We humbly request you to invite us and discuss the DM issues at the earliest.

We wholeheartedly appreciate the fact that the burden of the recent increase in Excise Duty by the Central Government is borne by the oil companies. The public is not going to suffer the increase and you have taken care to spare the public.

Thanking you

With Regards



K.P.Murali

President

Tamilnadu Petroleum Dealers Association

murali_braddy@yahoo.com

tnpdainfo@gmail.com