

Marketing Discipline Guidelines 2018

For LPG Distributorship



w.e.f. 1st November' 2018

MARKETING DISCIPLINE GUIDELINES – 2018

LPG Distributorship

INTRODUCTION -

Liquefied Petroleum Gas (LPG) marketing commenced in India during the year 1955 at (Bombay) Mumbai by then M/s Burma Shell. Since then LPG market in India has evolved over the last five decades or more from a miniscule level to the present position of around 28 crore customers on Industry basis. LPG marketing activities are expected to grow further because of the focus on expansion in rural areas.

There is a network of over 21,200 LPG distributors in the country to meet the requirement of LPG consumers. LPG marketing is unique. LPG consumers are tied to LPG distributor with very little freedom to choose their distributors. Such a vast and complex marketing activity requires proper discipline among the LPG distributors from whom the entire LPG customers are serviced.

LPG distributorships are appointed by Public Sector Oil Marketing Companies (OMCs) and are governed by the terms & conditions of agreement entered into between the OMCs & the Distributors. The various clauses of the distributorship agreement spell out the several responsibilities that have to be performed by the distributorships as well as by the OMCs. Besides the responsibilities spelled out in the distributorship agreement, there are operating policies, procedures and practices that are required to be followed by the distributors to serve the LPG consumers. Further there are prohibited activities that have to be avoided by the distributors. In order to ensure that distributors follow operating policies, procedures and practices, various actions to be taken against erring distributors are made which are called Marketing Discipline Guidelines (MDG). MDG form part & parcel of the instructions as issued from time to time under relevant clause on 'Faithful Performance' of the Distributorship/Dealership Agreement. These guidelines do not preclude any action under the Distributorship Agreement.

The MDG for LPG distributorships has been in existence for over 30 years. The 1st MDG for LPG distributorships was introduced in 1982. It was subsequently revised in 1988, 1994, 2001, 2014, 2015 and thereafter in 2017.

These guidelines need to be constantly updated to meet the requirement of new schemes, challenges of IT, the growing customer expectations, ensuring quality of product and services, enforcing discipline amongst the distributorship network and prevent malpractices in the sale of petroleum products. The guidelines are revised to include the requirements of the PMUY scheme.