Chapter-VII

Summary of the findings and the recommendations of the study

Last chapter have covered the survey revelation of sample distribution channels of petroleum products i.e. Petrol, Diesel, Oil, Kerosene and LPG, in Marathwada region.

Present chapter will cover the summery of the findings of this research work and broad recommendations will be made based on the study.

The major findings of this investigation have been summarised in this chapter in addition to some observations made in the earlier chapters. Here an attempt has been made to consolidate some of the important issues and their solutions that appear over the concerned previous chapters. The following maybe, in brief, said as a summary of the important findings and recommendations of this study:

➢ It has been a fact that India is heavily dependent upon imports of petroleum products. Its domestic production is only 30% of total consumption and imports around 70%, such a large share of imports of petroleum products plays a crucial role in national economy. India had to arrange plenty of petrodollars which were paid for imports of these products.
Therefore, Government of India has been trying to became self sufficient in terms of these products. Domestic exploration and refining need to be stepped up. Better technology at refineries and more attention to Research and Development is needed. Alternative sources of energy, such as wind energy and solar energy need to be promoted wherever possible and rural electrification with priority be carried out. All users should be made aware about uses of these products and be motivated for its proper use. Unnecessary luxurious uses of these products must be banned completely. One day as ‘No vehicle day’ should be observed weekly, if needed statuary provisions be made in the days to follow.

- It was found that petroleum products are very sensitive towards inflation which influences prices of several commodities, mostly day to day consumer commodities. So authorities should take necessary steps to prevent fluctuations in prices of these products according to International markets. Government should maintain an account and utilise it to compensate if price of international crude went up, amount utilised for
compensation will recover when international crude price comes down.

- It was observed that OPEC is a leader in production of petroleum products. Its pricing policies mainly concentrated to preserve benefits of their member countries. As such OPEC is not bound to take proper care of suffering oil importing countries.

So, it is suggested that an International monitoring committee should keep close supervision over production and pricing policies of OPEC so that petroleum importing countries might not be affected more due to fluctuations in production and pricing policies of OPEC.

- It was observed that no necessary attention was given upon cheap transportation of petroleum products especially mode of pipeline is not enough as discussed in 3rd chapter, only 25% petroleum products transported through pipe line. Hence, it is suggested that petroleum companies and government of India’s Ministry of Petroleum and Natural Gas should increase the pipeline of petroleum product which will save the cost of transportation.
It was found that domestic LPG was used in vehicle widely in violation of Government restriction. Major cause behind this is lack of CNG stations in Marathwada. Therefore, it is recommended that Petroleum Company must sanction in sufficient numbers the CNG stations in the region.

➢ During the survey, all the LPG dealers told that they are providing home delivery of refill cylinders. But on the contrary, 36 users out of 150 had reportedly collected their LPG cylinders through cash and carry system from godowns. Majority of users in the classification of cash and carry system belongs to rural area.

➢ It is revealed that dealers were unable to provide home delivery of LPG cylinders regularly specially in rural area. District Supply Officer should regularise the proper distribution of LPG in rural as well as urban area. Failing which the dealer should be prosecuted under existing laws.

➢ In the response of the question that whether dealers are charging extra charges for home delivery; all the dealers denied of extra charges for home delivery. But on the contrary, from the side of users; most of the users paid
extra charges for home delivery on an average of Rs. 9 per cylinder. Also users accept that they had paid excess money than the quoted price of LPG cylinder during the shortage period.

Though home delivery charges are included in the price of LPG cylinder, but delivery men are charging extra cost for home delivery. Hence, it is suggested that awareness should be created that no LPG users would pay extra cost for home delivery.

It was found that around fifty percent dealers are having transportation facility for rural LPG distribution. But trips they made for rural area were not sufficient against the requirements of rural area users. Even there was no regularity in rural transportation. It is suggested that all LPG dealers should provide the specific and regular transportation facility for rural LPG users as per rural requirements. Also LPG agencies should appoint their nominee in their rural jurisdiction, who will collect the requirement of LPG cylinders and inform to LPG agency to provide the refill LPG cylinders.
It is found that all dealers reported that special additional quota is necessary at the time of festivals such as Dipawali, Idd, etc. Special quota is a must for festivals because they felt that with regular quota it is quiet difficult to fulfill the increasing demand of customers. Therefore, it is recommended that Petroleum Company should sanction special quota for festival.

It was found that there was no special quota for government employees who are transferred from one place to another place. Also the procedure of shifting membership of LPG agency from one place to another place is difficult. New membership will be accepted only if additional quota is available with agency. In all, this procedure is time consuming and hectic.

Therefore, it is recommended that there must be a reserve quota for Government as well as private employees (working in a factory, transport agency, etc.) who are transferred from one place to another place.

For refilling of LPG cylinders nearly 50% dealers require up to one week for delivery due to inadequate supply of LPG cylinders from concerned companies. When LPG is
an essential service also majority users do not have double LPG cylinder facility. Due to the shortages of LPG cylinder they were using other substitute fuels as kerosene, wood or electricity when already there are shortages of electricity and kerosene. Hence, it is recommended that Oil Company should increase their production capacity according to the increasing demand by consumers and supply the required quota to the dealers.

➢ It was found that most dealers from three districts of Marathwada had mentioned that their users were not happy with pricing policy of LPG cylinders. It is recommended that Ministry of Petroleum and Natural Gas of India should convene to people through various media such as TV, newspaper, Advertisement, seminars that due to hiking in crude oil prices in International market, the prices of LPG, petrol, diesel and kerosene, have increased and also government is already paying lot of subsidy on these products.

➢ Dealers commission has became an emerging serious issue these days. Due to expectations of high rate of
commission, many times dealers used to go on strike that creates trouble in users’ day to day life. During the research it is found that all dealers of petrol, diesel, LPG and kerosene from sample district of Marathwada were not satisfied with existing rate of commission they are receiving. Hence, it is recommended that government should appoint the committee of expert including the nominee of dealers of petroleum products. Committee should review this matter and recommendations of the committee should be implemented.

- Out of 15 sample dealers, 13 have mentioned that they have suggestions or complains box at their premises. Most of them received 10 to 20 complaints from users every month. Majority complaints were against LPG prices. Though LPG users are suffering from lot of problems, yet they were not aware about their rights and most of users didn’t know proper use of ‘right to information’. Therefore, it is necessary that to create awareness among the users by consumer forum and social organisations about the marketing rules of petroleum companies and users rights.
During the survey, it was found that according to users, dealers were not so serious about complaints made by users regarding the, unsatisfactory services provided by their dealers. When dealers did not respond positively towards complaints of users, they registered complaints to concerned gas Company. It was also observed that users had no knowledge for complaint can be registered through internet, which is very significant and easy way to approach the concerned authorities of companies. It is revealed that the registered complaint was attended by authority after 10 days. Some users opined that complains were attended by authorities in 7-10 days. Hence, it is recommended that special cell should be open in the office of the DSO, any complain received by consumers should be attended within three days.

Majority of the dealers opined that they had faced the number of problems in LPG cylinder distribution during the shortages of LPG. Many times disputes were observed between users and workers of agency for the LPG distribution.
Therefore, it is recommended that during the shortage, DSO should appoint their nominee at every LPG agency for prompt and proper distribution.

➢ It was found that as compared to other income groups, LPG users from low income groups are very few in numbers. Also increasing trend of users was observed in middle income group and high-income group.

So, it would be better to promote the use of LPG in low income group, so as to reduce burden on other fuels like kerosene. In this regard, Government and concerned Companies together could initiate some schemes for low income group. Such as, zero deposit for the people belongs to below poverty line.

It was found that only 3 sample users got sanction letters within one week after they applied for new LPG connection. On the other hand, 112 sample users out of 150 had to wait for more than one month for sanction letters for their new LPG connections.

It was also found that majority of dealers had stopped the new registration of LPG connection due to non availability of adequate quota. Though, Government and Oil Companies
claim that LPG connections are available on demand, but their dealers are unable to do so quickly due to lack of additional quota. Hence it is recommended that Oil Company should search for new deposits of Gas and supply additional quota.

It was found that 9 sample users out of 26 have changed their dealers due to un-satisfactory services provided by them. On the other, a few users thought that dealers were reluctant to change dealers.

Hence, it is advised that dealers should improve their services. In this regard dealers should keep sizable professional but more social attitude.

➢ Though company has assured that users will get refilled cylinder after 21 days, but around 50% users were unable to get refilled cylinders within the time. During this temporary period, majority LPG users used Kerosene for cooking purpose, while Kerosene is meant especially for weaker sections of society. This is also inferred as one of the reasons behind Kerosene black marketing. Hence, it is suggested that DSO should make it compulsory for LPG agency to display the daily list on the notice board of that users due fore immediate delivery of cylinders.
It was observed that users were booking their cylinders for refilling personally, while most of users book by telephone. But maximum users had problems in booking due to telephone service of dealers, which are either engaged for long time or no response by receptionists few users have mentioned that letter box was not available on LPG agencies.

To avoid various problems related with the booking of refilled cylinder, LPG dealers must concentrate on the facility to be provided to users for booking refill cylinders.

- Regarding periodical checking of LPG connection by their dealer or authorities of Concern Company, it is observed that only a few users mentioned that dealers were providing above services, while most of users did not avail of these services.

- One of the important aspects of security measures pertains to regular check of LPG connections which is overlooked by dealers or the concerned responsible authority. This ignorance might be caused fatal accidents. Hence it is recommended that after every three months LPG dealers must provide checking of LPG cylinders
and strive to avoid any types of serious accidents.

➢ Regarding the replacement of LPG tubes maximum users (55%) replaced it after six months while some of them used tube for whole year. In fact, some users accepted that their dealers were reminding them time to time for replacing the LPG cylinder tubes. Hence, it is recommended that all the LPG dealers must remind the users about the change of LPG cylinder tube quarterly. Also Oil Company should make compulsory use of Suraksha tubes. This is a security measure to avoid leakage.

➢ Regarding harassment of users by their dealers, during the survey, it is observed that near about 37% users were harassed by their dealers. Accordingly the modes of harassment were different such as delay in refilling, delay in booking of cylinders, no home delivery for refilled cylinders etc. Also behaviour of staff working at LPG agency was found to be rude and non cooperative.

Hence, it is recommended that staff of LPG agency should be imparted training about good communication skill
and cordial behaviour. Also Dealer must improve their performance and satisfy the user at their level.

- During the survey, it was found that most of the dealers from sample districts opined that procurement centre should be at a closer distance so as to reduce transportation cost. Closer distance assures safety of transportation and it avoids the delay in transportation. Therefore, it is recommended that Oil Company should establish reservoir at district level to avoid such problems.

- Majority petrol pump owners complained that sales tax and VAT charged by Maharashtra Government is higher comparatively to other states, resulting in higher prices of petrol\diesel. Due to the high prices of these products the vehicle moving from different states, specially trucks, Lorries were filled fuel with at low prices resultantly revenues of pump owner in Marathwada is less.

Therefore, it is suggested that Government of India should maintain the uniformity in the prices of petroleum products throughout the country with the introduction of a
similar rate of sales tax and other local taxes, charged by various state governments and local authorities.

➤ All dealers of petrol, diesel, from three sample districts of Marathwada have opined that they are providing filter paper on demand of users to check the purity of petrol\diesel. But on the contrary some users about 20% did not receive the filter paper at petrol pump. According to the norms of Oil Company all the dealers are bound to provide filter paper to users.

➤ From three sample districts, it was found that only a few dealers were keeping suggestion box\complaint box. Rest of the dealers did not have any suggestion or complaint boxes even though it was compulsory as per norms of oil companies.

➤ Also it was found that majority were not accepting the credit cards. Especially in rural area this percentage was observed considerably high, due to probability of fraud and deficit. On the other hand, some dealers didn’t have required machines to accept credit cards.

    Now a day, credit cards are widely used, but due to some reasons majority dealers do not accept the credit cards.
To avoid inconvenience of users it is necessary that Oil Company should give the instructions to their dealers to accept the credit cards.

- All the dealers have told that they were providing free air and radiator water for vehicles, drinking water to users, urinals, first aid box, etc. However, only 35% users have found above services at petrol pumps, though dealers are bound to provide above services according to the norms. Therefore, it is recommended that oil company officers should visit monthly to every petrol pump and assure these facilities and punish those who are not providing above services by imposing fines.

- During the survey, it was found that out of 30 petrol pumps from three districts of Marathwada, only 13 petrol pumps notified on notice board about working hours of petrol pumps though it is compulsory according to the norms of Petroleum Company. Hence, it is recommended that all the dealers should notify the working time of petrol pump on notice board to avoid the inconvenience to users.
Dealers have given valuable suggestion as regards to improvement in distribution system of petroleum product. Such as employee of petrol pump should be considered as employee of concerned petroleum company. Salaries and other allowances should be given to them by concerned petroleum company. Spare parts of petrol pump should be available easily. Government should provide marker to petrol pump owners to check the purity of petrol, diesels, and then after only dealer can provide the facility to users.

- It was found that maximum number of petrol, diesel, and oil users having distance of petrol pump to their residence is 1 to 5 km. On the other hand, there are few users in the category whose residence lie 5 to 10 km away. It is revealed that majority of users have to travel long distance in search of petrol / diesel, especially in rural areas. The Search of petrol became expensive because it consumes fuel as well as time.

  Therefore, it is recommended that government should increase the number of petrol pumps for the convenience of users, especially in rural area.

- Out of 300 sample users, 162 have opined that location
of petrol pump is not convenient because of different reasons such as long distance from residence, crowded areas, etc. Hence it is recommended that location of petrol pump should be safe, away from the market place, it should not be in crowded area.

- During survey it was noticed that a very few users have checked the purity of petrol and some of them found adulteration in petrol. During the survey, it was revealed that maximum users accepted that petrol, diesel, oil is always available on petrol pump during working hours. But near about one fourth of these users had accepted that some time petrol, diesel was not available on petrol pump due to power failure or shortages; especially in rural areas hence, Generators be used.

- The prices of petrol and diesel are always in fraction i. e. rupees and some paisa for examples Rs. 47.23, 88% users had opined that prices should be in denomination of Rupees round up. Because pump operators purposefully do not return the change which is in paisa. Some of users opined that paisa is not in use except 50 paisa.
To avoid the loss of users as well as to convince petrol pump operator, it is suggested that government and oil companies should have prices of petrol, diesel and oil in denomination of rupees round up.

- Majority of dealers did not display the banners or posters on petrol pump, which can be helpful to detect the method of adulteration in petrol/diesel etc. While according to the norms of petroleum company it is must. Hence, it is recommended that monthly inspection of petrol pump should be conducted and monetary punishment should be given to defaulters.

- During survey, it was found that maximum kerosene outlets working hours were between 8.00 am and 12.00 pm; On the other hand very few outlets had working time between 8.00 am to 6.00 pm. After critical analysis, it is suggested that kerosene agencies must be open up to 8.00 pm. Because, kerosene mainly used by the weaker section of the society and these people are working up to 6 to 8 pm.

- Also it is found that majority of the kerosene shops, agencies and also hawkers observe Sunday as a weekly
holiday. Users are from the working class also have holiday on Sunday, so they could not find free time for kerosene purchasing, so, it is suggested that kerosene agencies / shops / hawkers should work on Sundays and reserve any other day as a weekly holiday.

➢ On the basis of survey, it was noticed that 32 out of 85 kerosene sellers from the three sample districts of Marathwada were distributing kerosene during shortage period as per directions given by district supply officer (DSO). While others were distributing kerosene in proportion of number of card holders or on first come first serve basis.

After critical analysis, it is suggested that carry over benefit should be given to the card holders, whenever shortages occur to maintain proper distribution of kerosene among the masses.

➢ During survey, it was found that around 45% kerosene sellers (including retailer’s semi wholesalers and hawkers) were storing kerosene either at business premises or at their own residence. Kerosene is highly inflammable, therefore, it must be kept at only approved
storage point fully equipped by precautionary and preventive devices.

- The most crucial problem, according to sellers, was how to control the crowd of kerosene users. It was as difficult as opined by maximum sellers, even help of police was taken at various places during distribution of kerosene. As a result maximum kerosene sellers were not satisfied with the arrogant behavior of users.

- During the survey, it was found that 82% sellers thought inadequate quota and delay in supply of kerosene were reasons behind the rude behavior of users. Because users were expecting regular supply and proper distribution of kerosene. Sellers thought if above expectations of users were fulfilled then users would improve their behavior and would extend their cooperation to sellers.

- It was observed that majority users were using Kerosene for cooking purpose while some of them used it for illumination purpose.

  Amongst those who were using Kerosene for cooking amongst them, 25% were using Kerosene only due to the non
availability of L.P.G. even though they are economically sound. Hence, it is suggested that there should be ample supply of L.P.G. that can reduce the excess burden on Kerosene which is only for the weaker sections of the society.

- It was found that due to loadshedding major part of kerosene and diesel used in generator in the shopping malls, offices, also farmers are using it for their water pumps. Hence, it is recommended that if Government supplies the electricity regularly then use of kerosene and diesel can be avoided and spared for the men of small means.

- During survey, it was found that on an average 85% users have given the negative responses towards the timely availability of Kerosene. It was also found that 56% users were of the view that non availability of Kerosene is due to Black marketing. While 24% users thought it was due to irregular supply of Kerosene by Govt. or Oil companies. 15% users accepted that an artificial shortage created by dealers was the main reason for the non availability of Kerosene. According to the opinion of 54% users the kerosene sellers used to record
the sale of kerosene on the name of those users who had not lifted the kerosene quota, this was later black marketed by sellers. During the survey, it was found that 81% of the users were not happy with the official checking of distribution of kerosene.

➢ Therefore, it is recommended that Government should form a committee of local people at ward/village level; powers should be given to them to inspect the stock of kerosene dealers of their area at any time. If any dealer is found violating norms/instructions of Government should recommend to Government to cancel the dealership.

➢ When it was asked whether the users did complain regarding shortages? 88% users replied negatively and only 12% responded positively. Amongst these 12% users, only 3% of them got the positive response from authorities and the necessary action was taken against the sellers.

Consequently, it resulted in shortages and thereby black marketing. To prevent such activities the concerned authorities must take serious and effective action against
defaults. Also it is suggested that users must have awareness regarding the distribution policy of Kerosene.

The researcher found during the survey that 20% villages and Ward areas where kerosene agency was not available, so their quota was assigned to the nearest village or wards areas. As such users had to cover the distance near about 1 to 5 k.m to get the kerosene. Kerosene is an essential commodity for the community hence; it is recommended that government should allot kerosene agency or shop to each ward area and village.

- In the response to the question that whether users did purchase the allotted quota of kerosene? It was reported that only 66% users were availing of the benefit of their allotted quota while remaining users were not able to take the benefit due to various reasons.

Further, the question remains unanswered as to what dealers would do with this unlifted quota of the 34 % kerosene users? It is possible that the remaining kerosene might be sold in black market at higher prices.

Therefore, it is strongly suggested that the concerned authorities take a serious note of undistributed kerosene and
precaution should be taken that the same should not be diverted to black marketing.

- It has been observed that 73% of users were not satisfied with measuring equipments of kerosene dealers and their techniques of measurement as they found always less quantity of kerosene than they paid for. Hence it is suggested that weight and measurements officer should give sudden visit to kerosene shops\ hawkers and check their measurement and if measurement instrument found faulty, monetary punishment should be given to them.

- It was observed that time required to get kerosene varies from 1 hour to 4 hours and some times more than that. Out of 850, on an average 36% user required more than 4 hours in que getting the kerosene from kerosene agency.

As the kerosene is mainly used by the weaker sections of the society who works on daily wages and spends majority of the time in working so they are unable to wait for a longer period of time. Therefore, provision should be made by the government to allot the optimum number of users to each kerosene agency which is manageable, that could be assist for quick distribution of the kerosene.
During the survey most of the petrol pump owners complained that they are suffering from the loss of petrol \ diesel per tanker around 40 liter due to defective measurement system at reservoir. It results to in an increase in the loss of dealers. Therefore, it is recommended that Petroleum Company should inspect measurement system of each reservoir and instructions should be issued about correct measurement.

Although no alternative for use of petroleum products in the short period but steps can be taken as follows:

a) Public transport for mass transit in metros like, metro train in Delhi can be introduced at other places of country.

b) Make use of Battery driven vehicles instead of petrol diesel vehicle.

c) Presently 5% Ethanol blend is mixed in petrol but this percentage is 25% in Brazil, therefore, India should think over this matter and increase the doses of former.

d) Plantation should be undertaken of varieties of plants such as Jatropha, Karanja, Mahua, from which Bio diesel can be, produced which is also helpful to environment friendly to prevent pollution.
Scope of the study for further research:

Researcher has made a track record of earlier chapters through which an academic assessment for marketing of petroleum products- a micro study of distribution channels in Marathwada region has been considered. Research work is a never ending task and when the researcher knocks at one door for exploring new areas, he finds that slowly many other doors also get opened by themselves. A brief outline for certain other areas for which some more efforts can create further research work in certain new directions highlighted briefly as under.

1) Pricing is one of the important areas of marketing; the sales volume in itself is dependent on price. Now a day, pricing of petroleum products i.e. LPG, Petrol, Diesel, Oil, and Kerosene has become crucial issue due to the subsidy offered by central Government on these products. Question to be answered is: how high are subsidies really? Present work can be extended to carry out complete study about pricing policies, at least State wise, as they have variation in taxation policies.
2) During the survey it is found that almost all the dealers of LPG, Petrol, Diesel, Oil and Kerosene were not satisfied with present rate of commission. The periodical strikes by the dealers’ association of petroleum products on this issue, may be taken as indication of users’. It becomes imperative to carve out the ideal structure of commission with all the relevant factors. This can only be accomplished with the help of practical studies on this area.

3) Kerosene which is highly subsidised petroleum product, mainly used by weaker section of society. It is distributed to users through Public Distribution System (PDS) under the control of state Government. There are lot of complaints of users about its shortages, Black-marketing and irregular supply. Hence, it needs further investigation in the working of PDS and to suggest corrective measures therein.

4) Government undertakings oil companies i.e. BPCL, HPCL, IOCL and its Subsidiary IBP are playing very much important role in the Indian petroleum industry. Due to subsidised rate of petroleum products above companies
are suffering from heavy loss. This study is confined to the marketing aspects of these companies in brief. Further studies could be undertaken in regard to financial performance of these companies in details, and to suggest the remedies for the same.

5) As mentioned in this study that India is not self reliant in the sector of petroleum rather near about 70% crude oil is imported which have had adverse impact on India’s foreign trade. Further study could be undertaken regarding India’s self sufficiency in the petroleum sector.

Thus for any researcher everyday is a NEW DAY with NEW IDEAS, NEW TARGETS and NEW ACHIVEMENTS.

In the words of ROBERT FROST….

“WOODS ARE LOVELY
DARK AND DEEP
BUT I HAVE PROMISES TO KEEP
AND MILES AND MILES TO GO
BEFORE I SLEEP”……