

# Oilcos flogging costlier branded fuel

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AN ATTEMPT by oil marketing companies (OMCs) to force their retail outlets to sell more of branded fuel is coming in handy for transport companies to increase freight rates in excess of what was warranted by the recent fuel price hike. According to retail fuel outlet owners, oil companies are rationing regular petrol and diesel and forcing consumers to buy costlier premium fuel, even after the recent price hike. Premium petrol and diesel cost Rs 4/litre and Rs 2.25/litre more, respectively. Transporters claim

that they are being forced to buy premium fuel to meet delivery schedules and incur a 15% increase in fuel costs as against 6% anticipated by them when diesel prices were hiked by Rs 3 a litre.

It is understood that the unprecedented growth in diesel demand (about 22%) has forced oilcos to resort to rationing of fuel. In the case of petrol, their intention is to get an additional Rs 4/litre to minimise their under-recoveries. Oilcos are still losing about Rs 11/litre on petrol and Rs 22/litre on diesel (after the recent hike in retail prices of petrol by Rs 5/litre and diesel Rs 3/litre).

"Oilcos are not meeting our (fuel) demand in full. They are also forcing us to

sell premium fuel up to 50% of our total sales. We are being made scapegoats as we have to answer the customer. Dealers serving kisan seva kendras are also facing fuel shortage," Federation of All India Petroleum Traders general secretary Ajay Bansal said.

Public sector oilcos, however, said they are not resorting to rationing of either petrol or diesel. "Why should we ration supply when we will be able to meet the normal demand? We will meet the normal growth in demand up to 15-18%," an official in a public sector oil marketing company (OMC) said.

The demand for diesel is, however, growing very fast and has already crossed 22%.

OMCs also denied any "deliberate" move to push premium fuel. They said people are preferring branded (premium) diesel and petrol due to better quality and performance. IndianOil saw an 89% growth in branded petrol and 60% in branded diesel last year. "Of the 17,800 retail outlets, 60% (11,000) sell XtraMile in addition to regular diesel. Of this, only 1,100 stations sell branded diesel, exclusively.

Transporters have another story to tell. "The Rs 3/litre hike in diesel prices was expected to raise our fuel costs by 6-7%, but in reality they have gone up by 15%. We are faced with no option but to use premium diesel to deliver goods on time. In cases where we have petro cards, it is still easy to get normal diesel. But at most other fuelling stations, we are compelled to use premium fuel," XPS (a Transport Corporation of India subsidiary) president K Prabhakar said.

All India Motor Transport Congress (AIMTC) executive Inderbir Singh voiced the same concern: "In the past 10 days, the supply of normal diesel has been low. Trucks can't wait for normal diesel supply at the pump as any delay in delivering cargo on time means losing clients."

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## DRIVING INFLATION

Transport cos using move as an excuse to jack up freight rates more than called for