New Retail Fuel Policy Guidelines

Syllabus subtopic: Government Policies and Interventions for Development in various sectors and Issues arising out of their Design and Implementation.

Prelims and Mains focus: about the new policy guidelines and its benefits

Context: Ministry of Petroleum and Natural Gas (MoPNG) vide Resolution dated 08.11.19 revised the guidelines for authorization to market transportation fuels which have been published in the Gazette of India.

Benefits of the new guidelines:

The revised guidelines would

1. promote ease of doing business and
2. boost private players to invest in retail sector.

The main features of the said guidelines are as below:-

i. The resolution applies for marketing of only Motor Spirit and High Speed Diesel for “Bulk” and “Retail” business.

ii. An entity desirous of seeking authorisation for either retail or bulk must have a minimum net worth of Rs. 250 crore at the time of making application. In case authorization is required for both retail and bulk, minimum net worth will be Rs.500 crore.

iii. Separate applications to be made for retail and Bulk business.

iv. For retail authorisation, an entity have to set up at least 100 retail outlets, out of which 5% should be in the notified remote areas within 5 years of the grant of authorization. An effective mechanism has been prescribed to
ensure that the entity deliver on its commitment to set up the ROs in remote areas.

v. An entity is required to deposit prescribed Bank Guarantee amount as a security at the time of grant of authorization in addition to application fee.

In addition to conventional fuels, the authorized entities are required to install facilities for marketing at least one new generation alternate fuels like Compressed Natural Gas (CNG), biofuels, Liquefied Natural Gas (LNG), electric vehicle charging points etc. at their proposed retail outlets (RO) within three years of operationalization of the said outlet subject to the entity complying with various other statutory guidelines.