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UNIVERSITY OF PETROLEUM AND ENERGY STUDIES

End Semester Examination, December 2018

Subject: Petro Retail Management & Development

Course : BBA (OG)

Course Code : BDSM107

This paper has three sections.

Semester: III

Time: 3 hrs.

MM: 100

SECTION – A

Each question carries 10 marks (Any Five)

Max Marks – 50

Write Notes /Comments

	Marks	CO
Q.1. How I.C Engine works and what are their different fuel options.	10	3
Q.2. What are the processes involved in petroleum refining and describe the different – different products we get from refinery.	10	4
Q.3. Reasons of increasing the oil prices and their impact on Oil Importing, Exporting and Developing countries (Brief Description).	10	3
Q.4. Describe the Automation process with respect to Petro Retail business in Indian context.	10	1
Q.5. How Retail Channel will be developed for Petroleum products in India.	10	4
A.6. Describe the wheel of retailing in Indian Petro retail sector.	10	1

SECTION- B

Each question carries 10 marks

Max Marks – 30

Describe in details with their benefits, strengths, weakness, learnings and further any changes required in that or not.

Company for Consumers	Loyalty Program	Loyalty program for fleet owners	MARKS	CO
B.1. IOCL	Extra rewards	Extra power	10	2
B.2. BPCL	Petro bonus	Smart fleet	10	2
B.3. HPCL	CLUB HP1 Smart Card	HP Drive Track	10	2

SECTION- 3

Case Study

Max Marks – 20

Petrol, diesel prices to change every day from May 1, trial run in five cities

Come May 1, petrol and diesel prices will change every day in sync with international rates, much like it happens in most advanced markets. State-owned fuel retailers Indian Oil Corp (IOC), Bharat Petroleum Corp Ltd (BPCL) and Hindustan Petroleum Corp Ltd (HPCL), which own more than 95% of nearly the 58,000 petrol pumps in the country, will launch a pilot for daily price revision in five select cities from May 1 and gradually extend it across the country. Petroleum minister Dharmendra Pradhan indicated that the government has encouraged market-based pricing of fuels. “From political to economic diplomacy, energy sector of India has gained international recognition by efficient implementation of initiatives,” he said. Pradhan however made it clear that the government will not force a decision for daily revision of fuel prices. “Every day change in pricing of petroleum products is a recommendation of experts. The government has nothing to do with it. “Ultimately, we will be driving towards market linked rates on a daily basis at all pumps across the country,” IOC chairman B Ashok told PTI. A pilot for daily revision of petrol and diesel price will be first implemented in Puducherry, Vizag in Andhra Pradesh, Udaipur in Rajasthan, Jamshedpur in Jharkhand and Chandigarh, he said. State fuel retailers currently revise rates on the 1st and 16th of every month based on average international price of fuel in the preceding fortnight and currency exchange rate. Instead of using fortnightly average, pump rates will reflect daily movement in

international oil prices and rupee- US dollar fluctuations. It is technically possible to change rates daily but we have to first do a pilot. Once pilot is done and its implications studied, we will extend it to other parts of the country,” he said. While Ashok said the pilot is to be “launched within one month” and did not give a specific date, industry sources said the pilot is planned to be launched on May 1. Daily price change will remove the big leaps in rates that need to be effected at the end of the fortnight and consumer will be more aligned to market dynamics. While petrol price was freed from government control in June 2010, diesel rates were deregulated in October 2014. Technically, oil companies have freedom to revise rates but often they have been guided by political considerations. Rates differ by only a few paise between pumps of the three state fuel retailers. Unbranded petrol at IOC pumps in Delhi costs Rs 66.29 per litre, while the same at BPCL pumps in the city is priced at Rs 66.37 a litre. HPCL pumps sell for Rs 66.48 per litre. Unbranded diesel at IOC pumps in Delhi costs Rs 55.61, Rs 55.66 at BPCL outlets and Rs 55.69 a litre at HPCL pumps. With daily changes, which are unlikely to be more than a few paise per litre, the political pressures for not revising rates particularly when they are to be hiked will go, sources said. Petrol price was last revised downward by Rs 3.77 a litre on April 1 and diesel rates were cut by Rs 2.91. This was the first revision in two-and-half-months as oil firms did not change prices during assembly elections in five states, including Uttar Pradesh and Punjab. Ashok said prices of petrol and diesel in a particular market (city or town) will be the same.

	MARKS	CO
C.1. Is this strategy work in Indian market which is a mixed economics. Don't you think it is a step towards open market for petroleum sector in India?	10	1
C.2. How the PSUs of Indian petroleum sector get the benefits and how they will coordinate with their old pricing system.	10	4