

No.P-20020/22/2009-Mkt.
Government of India
Ministry of Petroleum & Natural Gas

New Delhi, the 6th August, 2009

To

The Directors (Marketing),
Indian Oil Corporation Ltd./Bharat Petroleum Corporation Ltd./
Hindustan Petroleum Corporation Ltd.,
Mumbai.

Subject : RAJIV GANDHI GRAMIN LPG VITRAK (RGGLV).

Sir,

I am directed to refer to IOC's letter No.SL/1702 dated 23.7.2009 and to convey the approval of the Government of India for the new scheme for increasing LPG penetration to cover Low Potential/Rural Area entitled "RAJIV GANDHI GRAMIN LPG VITRAK" subject to the following modification:-

- (i) Reservation:
 - (a) 25% of locations would be reserved for SC/ST category in the respective State.
 - (b) 25% reservation for DP/PMP/PH/OSP may be clubbed under one common category. In case no candidate is found then advertise next time under 'Open' category. Also focus being on youth, age limit of candidate being 21-45 years there will be no reservation for FF Category.
 - (c) Since all spouses will be made partners, there will be no separate 33% reservation for women amongst the categories.
- (ii) No educational qualification requirement for spouse.
- (iii) Intimation/invitation be issued to the local MP, MLA, Zilla Parishad, Panchayat Samiti Chairman, Sarpanch, Revenue officials etc. However, a quorum comprising of at least 50% of the candidates (whose names are there in the draw) and the concerned company officials could be sufficient to proceed with the draw of lots.
- (iv) Sufficient publicity of date, time and venue of draw of lots be given in local newspapers.
- (v) The mandatory video recording of draw of lot be provided for.

A copy of the scheme as approved is attached.

In the first phase the scheme may be implemented in those states where coverage of LPG is less than 50%.

OMCs may take immediate follow up action for identification of the locations for the RGGLV agencies and ensure that the advertisements under this new scheme are issued on 20th August, 2009.

OMCs may also formulate draft detailed guidelines for implementation of the scheme and send the draft to the Ministry for approval.

Yours faithfully,

(A. Ushabala)
Under Secretary to the Govt. of India

Copy for information to:-

1. P.S.to Minister(P&NG)
2. P.S. to MOS(P&NG)
3. Secretary (P&NG)
4. Additional Secretary (P&NG)
5. AS&FA (P&NG)
6. JS(R)/JS(E)/JS(IC)/JS(M), P&NG
7. Director, PPAC.

RAJIV GANDHI GRAMIN LPG VITRAK (RGGLV) SCHEME

1. Concept:

To make LPG available in rural areas. RGGLV will be sustainable for cluster of villages having about 4000 families.

* RGGLV will be setup for a group/cluster of villages having a potential of average monthly sale of 600 cylinders (refill sales) per month of 14.2 kg. and 1,800 customers considering monthly per capita consumption of 5 Kg. Proprietor himself along with one staff will operate the same.

RGGLV would have an LPG storage Godown of much smaller size as compared to a normal distributorship Godown. Both LPG Godown and showroom will be located close by. The Godown would be sufficient to store minimum **300 filled cylinders** to accommodate full truck load i.e License capacity of about 5000 Kg LPG as against present size of 12000 kg for urban distributors and 8000 kg for rural distributors.

A small showroom of the size 2.6 m X 3 m can be constructed near the Godown outside (*safety zone*) or in an existing nearby shop.

LPG cylinders (14.2 kg Refills) will be supplied to the customers on Cash and Carry basis with no rebate.

2. Estimated Capital Expenditure

2.1 Godown and showroom - Land required 20 meter by 24 meter. Select candidate should be owner of the plot hence cost is taken as zero

- a) Size of storage area – 5 meter by 6 meter i.e 30 sq meters. Considering cost of construction as Rs 2000 per square meter – Rs 60000/-
- b) Small showroom hut 2.6 m by 3 m i.e 7.8 sq mts Estimated cost of construction at Rs2000/- per sq m - Rs16000/-
- c) Fire extinguishers, platform type weighing scale and other costs say Rs15000/-
- d) Office furniture and other equipments about Rs 30000/-
- e) Interest free deposit of Rs 2, 00, 000/- (cost of 200 cylinders which will be with distributors) in favour of OMC.

Total indicative Capital Expenditure required will be about Rs. 3,21,000/-

2.2 Working Capital

Estimated Working capital will be Rupees 1 lakh.

2.3 Indicative Revenue Expenditure.

Indicative emoluments to one staff will be Rs 3500/- per month.

Other expenses will be about Rs 5000/- per month

Total monthly revenue expenses will be about Rs 8500/- per month.

2.4 Indicative Earnings

Considering per capita consumption of 5 kg per month, about 1800 LPG connections will be required for sale of 600 LPG Cylinders per month.

- 2.4.1 Earning on release of new connection @ Rs 225/- per connection for 1800 connections amount will be about Rs 4.0 lakhs. The capital investment will be recovered by the time 1800 LPG connections are released.
- 2.4.2 Mandatory inspection of domestic installation is under taken once in 2 year. When 1800 connections will get released, mandatory inspection of domestic installation for 900 customers will be done per annum. Presently mandatory inspection charges are Rs40/- per connection. It will generate earning of $Rs40 \times 900 = Rs\ 36000$ per annum which is Rs 3000/- per month.
- 2.4.3 Refill commission for 600 refills per month will generate monthly earning of $Rs21.94 \times 600 = Rs13164/-$ per month.
- 2.4.4 The expected total monthly earning from 2.4.2 plus 2.4.3 will be about Rs16164/- on 600 LPG cylinder refill sales per month excluding earning on release of new connections.

2.5 **Indicative Net Income** (Indicative Earnings minus Indicative Revenue Expenditure)

The net monthly income expected is Rs 7664/- per month.

3. **Eligibility criteria**

The following eligibility criteria are suggested for selection of Rajiv Gandhi Gramin LPG Vitrak: -

- 3.1 Indian citizen
- 3.2 Resident of one of the villages in the cluster of villages identified for appointment of RGGLV.
- 3.3 Education qualification: minimum Xth Standard pass or equivalent.
- 3.4 Minimum Age 21 yrs and maximum age 45 yrs as on date of application.
- 3.5 Only Individual applicants would be eligible. However, all RGGLVs will be in the joint names of applicant and his/her spouse (i.e wife/husband will be co-owner of RGGLVs). In case of unmarried applicant, an undertaking will be obtained that after marriage, spouse will be made co-owner.
- 3.6 No educational qualification requirement for spouse.
- 3.7 Minimum savings/investments Rs 2 lakhs (Not applicable for LPG Distributorships reserved under SC/ST category.)
- 3.8 Fulfill Multiple dealership/distributorship norm

Multiple Dealer/Distributorship norms means that none of the individuals would be entitled to a new dealership/distributorship if any other individual in a 'Family Unit' already holds a dealership/distributorship or LOI for a dealership/distributorship of a PSU oil company i.e Only one Retail Outlet / SKO-LDO dealership / LPG distributorship of PSU oil company will be allowed to a 'Family Unit'.

Family Unit in case of married person/ applicant, shall consist of individual concerned, his/her Spouse and their unmarried son(s)/daughter(s). In case of unmarried person/ applicant, 'Family Unit' shall consist of individual concerned, his/her parents and his/her unmarried brother(s) and unmarried sister(s).

- 3.9 Should own a suitable land (plot) of minimum 20 meter X 24 meter in the identified location for construction of LPG cylinder Storage Godown.

Own means having clear ownership title of the property in the name of applicant / family member of the 'Family Unit' as defined in multiple distributorship norm. In case of family member, consent letter from the family member will be required.

Land for construction of Godown will be suitable, if it is freely accessible through all weather motorable approach road and should be plain, in one contiguous plot, free from overhead power transmission or telephone lines. Pipelines / Canals / Drainage / Nallahs / Public Roads should not pass through the plot.

- 3.10 Should be physically and mentally sound to be able to run the business.
- 3.11 Candidates convicted or against whom charge has been framed by Court of Law for any criminal offence involving moral turpitude/ economic offences (other than Freedom Struggle), are not eligible to apply.
- 3.12 Signatory to distributorship/dealerships terminated on account of proven malpractice/ adulteration of any Oil Company are not eligible to apply.
- 3.13 If the selected person is already employed, he/she will have to resign from the employment & produce the letter of acceptance of resignation by the employer before the issuance of letter of appointment by the Oil Company.

4. Reservation

- 4.1 25% of locations would be reserved for SC/ST category in the respective State.
- 4.2 25% reservation for DP/PMP/PH/OSP may be clubbed under one common category. In case no candidate is found then the advertisement next time would be under 'Open' category. Since the focus is on youth, Freedom Fighter category will not be eligible. Since, all spouses will be made partners there will be no separate 33% for women amongst the categories.

5. Evaluation Criteria for selection of GLV

Evaluation Criteria will be based on marking system with 50 marks for financial capability, 10 marks for income and 40 marks for educational qualification. Details of marking system are given in **Appendix-A**.

6. Selection Procedure

- 6.1 Selection will be done by inviting applications through advertisements in 2 vernacular newspapers – one with widest circulation in the State and other with widest circulation in District in which RGGLV is to be setup.
- 6.2 All the applicants satisfying the eligibility criteria will be evaluated. Selection will be done by draw of lots out of all eligible applicants securing minimum qualifying marks (Minimum qualifying marks is 60% for locations reserved under SC/ST category and minimum 80% marks for all other category locations).
- 6.3 A Committee consisting of two Officers of the concerned OMCs will do scrutiny of the application and award marks to the applicants based on the information given in the application.
- 6.4 All the eligible candidates who have qualified will be asked to report at a specified place and time. Each candidate will be issued a token number and the token number will be recorded on his or her application.
- 6.5 All tokens numbers will be put in an empty box in the presence of the candidates, the officials of the Company and the invited guest.
- 6.6 One token number will be drawn out and the candidate to whom the token number was allotted will be declared as selected candidate.
- 6.7 Field verification will be carried out for the selected candidate and if the information given in the application by the applicant is found to be correct, Letter of Intent will be issued to the selected candidate.
- 6.8 In case of rejection of selected candidate due to findings in the Field Investigation or if selected candidate is unable to develop facilities for Rajiv Gandhi Gramin LPG Vitrak within the specified time, then his candidature will be cancelled and draw will be held again from the remaining qualified eligible candidates to select the next candidate following the procedure as mentioned above in para 6.4 to 6.7.
- 6.9 Intimation/invitation be issued to the local MP, MLA, Zilla Parishad, Panchayat Samiti Chairman, Sarpanch, Revenue officials etc. However, a quorum comprising of at least 50% of the candidates (whose names are there in the draw) and the concerned company officials could be sufficient to proceed with the draw of lots. Sufficient publicity be given in local newspapers. The mandatory video recording of draw of lot be provided for, etc.

7. Identification of Locations for setting up of RGGLVs

The market potential will be assessed based on the feasibility study. RGGLV will be setup for a group/ cluster of villages having potential for average monthly sale of 600 LPG cylinders of 14.2 kg and 1800 customers considering monthly per capita consumption of 5 Kg.

RGGLV will be setup by OMC who have its Bottling Plant nearest to the identified cluster of villages. That is if BPCL Bottling Plant is nearest to the identified cluster of villages then BPCL put up RGGLV. Similarly if IOCL Bottling Plant is nearest then RGGLV will be of IOCL, if HPCL Bottling Plant is nearest then RGGLV of HPCL will be set up.

8. Corpus Fund

Selected candidate for RGGLV locations reserved under SC/ST category will be provided a loan of Rs. One Lakh for construction of Godown/other facilities by the concerned OMC. This amount will be recovered on per refill basis at the rate of 20% of distributor's commission for 14.2 kg cylinders.

Oil Company will also provide to the selected candidates for RGGLVs reserved under SC/ST category, adequate working capital loan for a full operation of the RGGLV at interest rate of 11% per annum on reducing balance. Both the working capital loan as well as interest will be recovered in 100 equal monthly installments from 13th month of commissioning of the RGGLV.

9. Security Deposit

The selected candidate before being issued the appointment letter shall have to deposit interest free refundable security deposit of Rs. 2 lakhs with the concerned OMC. The Concerned OMC will have the right to adjust any dues to it from this amount at the time of resignation/ termination. However, in case of termination of the RGGLV on account of proven malpractice, the said security deposit shall be forfeited.

10. Distributorship Agreement

A suitable agreement will be executed between the concerned OMCs and RGGLVs. The tenure of RGGLV shall be for an initial period of 5 years and renewable for every 5 years thereafter, subject to satisfactory performance of the RGGLV.

11. General Notice

It will be brought to the notice of applicants that the RGGLVs are proposed based on an estimated refill potential of 600 refills per month and 1800 LPG connections. To be economically viable, RGGLV has to be operated by the proprietor himself. Applicants should satisfy themselves on the viability of the business.

* This Scheme would be implemented by the Oil Marketing Companies (OMCs) namely Indian Oil Corporation Limited (IOC), Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL) in addition to their Marketing Plan for setting up regular LPG distributorships. Identification of locations would be finalized by the OMCs based on the present penetration/coverage, minimum refill/sale potential for sustaining the RAJIV GANDHI GRAMIN LPG VITRAK (RGGLV) etc. The criteria and the procedure for selection of RGGLV distributors would be published by OMCs from time to time in various Newspapers at the time of advertisement/selection.

Appendix A to the RGGLV Scheme

Evaluation Criteria

1. Criteria for award of marks on Financial Capability (max 50 marks)

Sub Head	Description	Max Marks	Evaluation										
1A Savings bank/ investments	(a) Amount in Saving accounts in Bank. (as on date of application) (b) Free and un-encumbered fixed deposits in scheduled banks or any other resource which can be readily converted to liquid cash (as on date of advertisement)	50	Marks to be awarded based on (FD / NSCs / Shares / any other investment bonds in the name of self or family members as defined above under relationship clause) Award 1 marks on every unit of Rs.8000/- or more in multiples of Rs.8000/-										
1B Ability to arrange loan	(c) Bankers / Financial institution letter to extend loan, if required. (as on date of application)	10	Marks to be awarded on the basis of letter from bankers/ financial institutions as under: - <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">Marks to be awarded.</td> </tr> <tr> <td>Range of loan Rs.</td> <td></td> </tr> <tr> <td>> =1 lac to < 2 lac</td> <td style="text-align: right;">8</td> </tr> <tr> <td>> =2 lac to < 3 lac</td> <td style="text-align: right;">9</td> </tr> <tr> <td>>= 3 lac to < 4 lac</td> <td style="text-align: right;">10</td> </tr> </table>		Marks to be awarded.	Range of loan Rs.		> =1 lac to < 2 lac	8	> =2 lac to < 3 lac	9	>= 3 lac to < 4 lac	10
	Marks to be awarded.												
Range of loan Rs.													
> =1 lac to < 2 lac	8												
> =2 lac to < 3 lac	9												
>= 3 lac to < 4 lac	10												
1C Assets	(d) Other assets (as on date of advertisement)	5	Marks to be awarded as under, based on valuation by Govt. approved valuer of immovable property/other assets <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td>Range of assets value</td> <td>Marks to be awarded</td> </tr> <tr> <td>>= 2 lacs < 3 lacs</td> <td>3 marks</td> </tr> <tr> <td>>= 3 lacs < 4 lacs</td> <td>4 marks</td> </tr> <tr> <td>>= 4 lacs</td> <td>5 marks</td> </tr> </table>	Range of assets value	Marks to be awarded	>= 2 lacs < 3 lacs	3 marks	>= 3 lacs < 4 lacs	4 marks	>= 4 lacs	5 marks		
Range of assets value	Marks to be awarded												
>= 2 lacs < 3 lacs	3 marks												
>= 3 lacs < 4 lacs	4 marks												
>= 4 lacs	5 marks												
Maximum marks		50											

Maximum 50 marks put together for savings bank / investment, ability to arrange loan and assets. In case candidate gets 50 marks in 1A above then no evaluation to be done for 1B and 1C.

2. Criteria for award of marks on present income (max 10 marks)

Income	Income form all sources such as property, business, agricultural, interest, dividend, rent earnings, royalty etc. per annum.	10	Income for the last financial year as per income tax return and or affidavit on income Maximum Marks 10. Award 0.1 marks on every unit of Rs.1000/- or more in multiples of Rs.1000/-
Maximum marks		10	

3. Criteria for award of marks on education qualification (max 40 marks)

Description of Qualification	Marks	Evaluation
Graduate or more	40	Based on the qualification.
Senior Secondary i.e (10+2) CBSE or equivalent	35	
Matriculation.	32	
Maximum marks		40

Applicant should score minimum 60% marks for LPG Distributorships reserved under SC/ST category and score minimum 80% marks for others categories to qualify for award of RGGLV.
