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Small is big: How the 'Chhotu' LPG cylinder became a bestseller

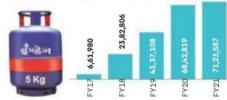
Anupam Chatterjee

# RISING FUEL PRICES Small is big: How the 'Chhotu' LPG cylinder became a bestseller

ANUPAM CHATTERJEE New Delhi, November 27

WHEN POPULASR SHAMPOO brands started selling sachets, they managed to rope in a consumer with small pockets but big aspirations. Small soon became big in the FMCG industry, with everything from coffee to chips and shampoo to cream being soldin single-use packing costing not more than ₹5, thus reaching buyers who could never afford the larger packs.

With fuel costsspiraling, the LPG cylinder has also taken on a 'Chhotu'5-kg avatar that is getting popular. Even if the small cylinder costs a bit more, it makes senseformanywho can't shell out ₹900 in one go but would prefer to commit ₹500 for the small one instead. Sale of 5 kg LPG cylinder units by IOCL



The uptake of small cylinders would probably grow further if the government's plan to supply these through the network of fair price shops across the country kicks off. And with no subsidy in sight for LPG, more consumers would be forced to opt for the smaller ones.

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472% increase in numbers of ploans disbursed YoY and aggregating to a total disbur- pany said. In vi Clip & Share

disbursal incre in value terms, the statement.

Paytm said that its merchant base grew to 2.3 crore during the reported quarter from 1.85 crore in the second quarter of financial year 2021. Shares of the company closed at ₹1,781.15 apiece, down by 0.86% on the BSE on Friday.

### Small is big: How the 'Chhotu' LPG cylinder is a bestseller

State-run oil marketing companies are said to have appreciated the proposal of retailing through fair price shops, and have even committed their support. The consumer affairs ministry had requested the Union ministry of petroleum and natural gas for leveraging electronic point of sale (ePoS) devices for sale of 5 kg small cylinders from fair price shops. "We are looking into the business model and a ala,"state-run Indian Oil Corporation Ltd (IOCL) told FE. discuss model ail sale er at FPS

pilot has been started in Ker-

will be same as market price," IOCL added. As for IOCL, the 5 kg small cylinder is primarily marketed to cater to the needs of customers such as migrant labourers, students, food hawkers whowere dependent on the grey market due to lack of address proof, etc. The sale of these small cylinders

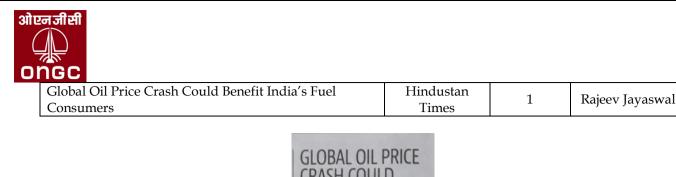
recorded a significant jump in FY 20 after it was re-launched under the 'Indane Chhotu' brand name in December, 2020. Sales grew further in FY 21 when subsidies on standard 14.2 kg domestic cylinders were stopped.

To encourage regular refill, a swap option from the standard 14.2 kg connections to 5 kg connections was offered to Pradhan Mantri Ujiwala Yojana (PMUY) consumers.

As FE reported earlier, of the eight crore PMUY beneficiaries, 3.2 crore did not refill their LPG cylinders in the first quarter of FY22. The government not paying any subsidy on LPG since May 2020 has led to rural households spending nearly 10% of their monthly expenditure on the cooking fuel, a recent study by the Council on Energy, Environment and Water (CEEW) has said. The report, released in September, said 85% households in the country have LPG connections, and 80% of the non-user households cited affordability issues for not having an LPG connection.

A drop in global crude oil prices, and hence global LPG product prices since May 2020, gave the government an opportunity to withdraw the subsidy. The end consumers had not felt the pinch till November 2020 thanksto muted global LPG prices. Even without subsidies, domestic LPG cylinders cost just around Rs 600, close to the price at which the subsidy kicked in. While the global prices have since risen, the government has not reinstated the subsidy. India imports more than 55% of its LPG requirement and the cost of an unsubsidised cylinder depends on global rates.

KERALA WATER AUTHORITY-e-TENDER NOTICE Tender No: 47/2021-22/KWA/PHC/D2/TVM JJM 2021-22:-





# Fuel likely to get cheaper in India as global oil prices dip

#### Rajeev Jayaswal

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NEW DELHI: State-run oil marketers are under pressure to reduce pump prices of petrol and diesel as international oil prices plunged by over \$10 a barrel on Friday, the biggest decline since April 2020, mainly on fears of new coronavirus variant Omicron, three people said.

"Expect petrol and diesel price cuts soon, may be in one or two days, as international fuel rates have fallen sharply," said one of them, who is a government official. Benchmark Brent crude on Friday plummeted 11.55% to \$72.72 a barrel, while US crude West Texas Intermediate closed 13.1% lower at \$68.15 per barrel on the last trading day of the week.

International oil prices are expected to fall further because of demand concerns due to Omicron, which has been named a "variant of concern" by the World Health Organisation and the European Centre for Disease Prevention and Control, the people said, requesting anonymity. Besides Omnicron, a coordi-

nated release of additional oil from strategic reserves of major consumers such as the US, China, India, Japan and South Korea have also affected the fuel market sentiment, the first person said. "OMCs (oil marketing compa-

## **COVID TRACKER**

34,572,078

9,139 NEW CASES ON SATURDAY

nies) are watching the situation, and they may pass on the benefit to the consumer if prices are sustained at this level," he said.

The companies are cautious as the Friday fall was "like a knee-jerk reaction from fears that the new Covid-19 variant" might "dampen economic growth and trigger another demand slump," said a second person, who is an executive at a state-run fuel retailer.

He, however, downplayed the impact of nations raising supply by releasing oil from strategic reserves. "These announcements could not impact international prices much. However, renewed Covid concerns have brought about the desired objective."

Major oil consumers – the US, China, India, Japan and South Korea – for the first time reacted to the supply squeeze by producers' cartel by announcing a coordinated release of additional oil from their respective reserves to cool down raging oil prices. India on November 23 joined the consumers' group against artificial control of output by the cartel, the Organisation of the Petroleum Exporting Countries (OPEC) and its allies, known as OPEC+.

1,218,412,797 TOTAL DOSES ADMINISTERED

8,721,836 ON SATURDAY

Indian fuel retailers are wary that the cartel, which is meeting on December 2, may cut supplies to check the price fall. "Thus, international crude oil prices may recover again if OPEC+ announces slower than expected production rollout coming up." the second person said. In April 2020, when interna-

a barrel following lockdowns, the producers' cartel decided to control output. On April 12, OPEC+ announced an unprecedented 9,7 million barrel a day output cut to check falling crude oil rates. Despite a rise in demand, the grouping did not restore supplies, which led to a spike in international oil prices. In November, crude prices touched \$85 a barrel, forcing the Centre to slash excise duty on petrol by ₹5 a litre and diesel by ₹10 a litre to give some relief.

344,421,651

436,995,573

Although oil marketers vouch for changing fuel rates daily to reflect the international market dynamics, there has not been any rate change in the past 24 days.

The three state-run marketers enjoy a virtual monopoly in retail fuel trade in India, with over 90%, market share. The petroleum ministry and Indian Oil Corporation, Bharat Petroleum Corporation Ltd and Hindustan Petroleum Corporation Ltd<sup>-</sup> did not respond to emailed queries on the matter. "Price reduction may not be

"Price reduction may not be as sharp as the decline in rates of Brent and WTI because only about 30% of crude OMCs purchase from the spot market, balance 70% is based on long-term contracts," the first person said.



### कच्चे तेल में गिरावट जारी रहने की सम्भावना

Dainik Jagran

Bureau

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और डोंजल के यम कम हो सकते हैं को लेकर आगे की रणनीति तब को **दम बदने से भारत के अयात बिल** और महंगाई में और कमी आ सकती जाएगी। क्योंकि भारत, अमेरिका, में बढ़ोनरी होती है और यह भारत है। यत शुरूवार को कोरोना के नए जापान, कोरिया, चीन जैसे देशों ने में महंगाई को भी हवा देने का काम वैरिएंट को वजह से भारतीय शेयर कच्चे तेल के दाम को कम करने

्यता (न्यता) से आग में किंग्य (तर) प्रदेशतवान प्रत्यत्रीय प्रयुत्ध में गायम आ सकलियान कुल्ल कुल्ल के दाम में गियावट जारी रहने की (अंग्रेस) के सरदर्थ देशी की बैठक ख्रुपत का 85 प्रतिशत कच्चा तेल संधावना है। ऐसे में भारत में पेट्रोल्) होने वाली है, जहां तेल के उत्पादन आयात करता है और कच्ची तेल के

करते है।

जों ने बा वा कि

रसरों बात है कि अब वै दूसरों बात है कि अब वै स्तर पर कई वैक्सोन भी मौर और पाइजर जैसी कंपनी ने





रिज़र्व तेल निकलने से क्या कम होगी कीमत ?



Navbharat

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