



Roll No. \_\_\_\_\_

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**

**School Of Business**

**End -semester Examination, Dec 2019**

**Subject : Petro Retail Management & Development**

**Semester: III**

**Course : BBA (OG)**

**Time: 3 hours**

**Course Code : OGOG2001**

**MM: 100**

**This paper has four sections.**

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**SECTION – A**

**Each question carries 5 marks**

**Max Marks – 20**

**Write Notes /Comments**

**Attempt any four questions**

A.1.Explain the difference between CNG Vs Gasoline retail outlets with their operations.	5 Marks	CO-2
A.2.What are the processes involved in petroleum retailing and describe the product extension strategy with examples.	5 Marks	CO-2
A.3. Describe the Umbrella marketing concept with respect of SERVO brand.	5 Marks	CO-2
A.4.Explain the Niche marketing concept related to Naphtha applications.	5 Marks	CO-3
A.5.How the Brand extension strategy will be beneficial for CASTROL in retail sector in India (Brief Description).	5 Marks	CO-2

## SECTION- B

**Each question carries 2 marks**

**ALL MCQ OF CO: 1; Max.Marks – 30**

### MCQ's

1. How are lubricant companies differentiated from one another in Indian market\_\_\_\_\_
2. Which MNC organization has the highest market share in Indian Lubricant industry\_\_\_\_\_.
3. In \_\_\_\_\_, goods are sold at higher prices so that fewer sales is needed to achieve breakeven.
4. In \_\_\_\_\_, the price is set by the monopolist to discourage economic entry into a market.
5. A \_\_\_\_\_ is a product sold at a low price i.e at cost or below cost to stimulate the other profitable sales.
6. Lubrication is necessary to protect wear and tear caused due to\_\_\_\_\_
7. Lubricant act as a coolant to carry away heat\_\_\_\_\_
8. Select the incorrect statement from the following option\_\_\_\_\_
9. The viscosity of petroleum oil for hydraulic lifts is\_\_\_\_\_
10. Aggressive pricing intended to drive out competitors from a market is termed as\_\_\_\_\_
11. Important properties of lubricants are\_\_\_\_\_
12. \_\_\_\_\_ is the measure of a fluid's internal resistance to flow
13. What is the full form of SAE\_\_\_\_\_
14. What is the full form of API\_\_\_\_\_
15. How many petroleum refineries in India\_\_\_\_\_

## SECTION- C

**Each question carries 10 marks**

**Max.Marks – 30**

### CASELET

Saudi Arabia's Capital Market Authority (CMA) on 18 August issued new rules allowing foreign investors to buy shares directly in initial public offerings (IPOs).The change is part of a broader aim to lower Saudi Arabia's overreliance on oil export revenue and help the government earn billions of dollars by selling some of their state-owned assets. One of these assets is the Saudi Arabian Oil Co., or Aramco, which has an estimated value of around US\$2 trillion? The government expects to earn as much as US\$100 billion by selling 5 percent of Aramco in an IPO

expected to take place in 2017.

C.1 As per above case Saudi organization facing problems due to oil pricing. Is it an encouraging step for the organization to issue the IPO like this?	CO-2	15 marks
C.2.The changes in the policy by Saudi government will increase the completion in the oil market or just a step to generate the money.	CO-2	15 marks

## SECTION- D

**Each question carries 10 marks**

**Max. Marks: 20**

### Case Study

#### 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 1<sup>st</sup> and 16<sup>th</sup> 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.

**Questions:**

D.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?	CO-1	10 marks
D.2. How the PSUs of Indian petroleum sector get the benefits and how they will coordinate with their old pricing system.	CO-2	10 marks