

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

STARRED QUESTION NO:298

ANSWERED ON:15.04.2010

REFINERY GATE PRICES OF PETROLEUM PRODUCTS

Hegde Shri Anant Kumar; Joshi Dr. Murli Manohar

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether there exists a huge gap between the oil refinery gate prices of petroleum products particularly of diesel and petrol and the sale price of these products at consumers end in the various States;

(b) if so, the details thereof and the reasons therefor;

(c) the criteria adopted for fixation of refinery gate prices of petroleum products; and

(d) the item-wise expenditure taken into account for fixing of refinery gate price of petrol, diesel, aviation turbine fuel (ATF) and natural gas in the country during December, 2009?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.298 asked by Dr. Murli Manohar Joshi and Shri Anantkumar Hegde to be answered on 15-04-2010 regarding "Refinery Gate Prices of Petroleum Products."

(a) to (c): The Public Sector Oil Marketing Companies (OMCs) pay the domestic refineries Trade Parity price when they purchase Petrol and Diesel and Import Parity Price for Kerosene and LPG. Trade Parity price is the weighted average of Import Parity and Export Parity prices in the ratio of 80:20. As the retail selling prices of Petrol and Diesel are not being maintained in line with the international oil prices, there is a difference between the Refinery Gate price paid to the refineries, which is fixed on fortnightly basis, and the ex-storage point price recovered by the OMCs through the retail selling price of these products. The basic ex-storage selling prices of Petrol and Diesel are uniform at all refinery locations throughout the country. The Refinery Gate Prices (RGP) of products reflect the movement in international oil prices. While RGP of Petrol and Diesel is fixed on Trade Parity basis, the RGP of Kerosene and LPG is fixed on Import Parity basis.

The retail selling prices of Petrol and Diesel vary from State to State on account of variations in the inland freight, Sales Tax/VAT and other local taxes being levied by the respective State Governments/local authorities. The details of variations in the rates of Sales Tax/VAT rates in different States are given in the Annexure.

(d): The build up of weighted average Refinery Gate Price for Bharat Stage II Petrol and Diesel applicable for 1st fortnight of December'2009 is given below:

Petrol Diesel

FOB price \$/bbl 77.82 83.86

Ocean freight \$/bbl 1.20 1.45

C&F price \$/bbl 79.02 85.31

Rupee-dollar Exchange Rate 46.39 46.39

C&F price Rs./KL 23056.76 24892.07

Custom Duty Rs./KL 600.24 648.01

Insurance, port charges etc. Rs./KL 232.55 249.83

Import Parity Price - 15 degree C Rs./KL 23889.55 25789.91

Import Parity price - 29.5 degree C Rs./KL 23488.20 25477.85

Export Parity Price - 29.5 degree C Rs./KL 22325.55 24172.67

Trade Parity Price (Refinery Gate Price) Rs./KL 23255.67 25216.81