

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

UNSTARRED QUESTION NO:560
ANSWERED ON:24.11.2011
SELLING PRICE OF PETROLEUM PRODUCTS
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether Oil Marketing Companies (OMCs) procure petrol, diesel, LPG and Kerosene from oil refineries in the country;
- (b) if so, the formula adopted to fix the selling price of the said products;
- (c) whether there is a uniform formula to fix selling price of all the products; and
- (d) if not, the formula adopted for fixation of price of each product separately?

Answer

MINISTER OF PETROLEUM AND NATURAL (SHRI S. JAIPAL REDDY)

(a)to(d):The Public Sector Oil Marketing Companies (OMCs) procure Petrol, Diesel, PDS Kerosene and Domestic LPG from refineries at the Refinery Gate Price (RGP).

The RGP for Petrol/Diesel is determined based on Trade Parity Price (TPP) and for PDS Kerosene/Domestic LPG is determined based on Import Parity Price (IPP). The TPP/ IPP are determined based on prices of petroleum products prevailing in the international market. Further, the desired Retail Selling Prices (RSPs) of the three sensitive petroleum products (Diesel, PDS Kerosene and Domestic LPG) for the consumers are calculated by adding elements such as the inland freight, marketing margins and duties & taxes to the price paid to refinery. The prices at which are sold to the consumer are modulated by the Government in order to insulate the common man from the impact of rise in international oil prices and the domestic inflationary conditions.

The price of Petrol has been made market-determined with effect from 26.6.2010. Since then, the OMCs take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions.