

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

UNSTARRED QUESTION NO:3021
ANSWERED ON:30.08.2012
COST OF PETROL AND DIESEL
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether the Government is aware of the costing procedure of petrol and diesel for sale to the consumers by the Oil Marketing Companies (OMCs);
- (b) if so, the details thereof and if not, the reasons therefore;
- (c) whether the Government enquires about the authenticity of the petrol and diesel prices fixed by the OMCs regularly; and
- (d) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI R.P.N. SINGH)

(a) & (b): The Public Sector Oil Marketing Companies (OMCs) pay Refinery Gate Price (RGP) based on Trade Parity Price (TPP) for purchase of Petrol and Diesel from refineries. The TPP is determined based on prices prevailing in the international market. The following elements are added to the RGP to arrive at the Retail Selling Price (RSP):

- Excise duty
- Inland freight up to the market
- Marketing Margin
- Value Added Tax and local levies
- Dealers commission

(c) & (d): The Government has made the price of Petrol market-determined with effect from 26.06.2010. Since then, the OMCs take appropriate decision on the pricing of Petrol in line with the international oil prices and market conditions. However, in order to insulate the common man from the impact of rise in international oil prices domestic inflationary conditions, Government continues to modulate the RSP of Diesel. Thus, the RSP of Diesel is below the required market price, resulting in incurrence of under-recovery to the OMCs.

The detailed price buildup of Petrol [as per Indian Oil Corporation Limited (IOCL)] and Diesel, effective 16.8.2012 is as under.

Price Buildup of Petrol and Diesel at Delhi effective 16.8.2012

(Rs/litre)

Particulars	Petrol	Diesel	
Price paid to Refinery (RGP)	42.81		45.11
Other Cost Elements#	3.77		3.07
Excise Duty	14.78	2.06	
VAT including Pollution cess on Diesel##		10.94	4.84
Total	72.30		
	55.08		

Less: Unmet gap / Under recovery to OMCs 3.84
13.76
Existing Retail Selling Price 68.46
41.32

As per IOC, as petrol is a deregulated product.

#Other Cost elements include Dealer Commission, freight, Marketing Costs & Margins etc.

##Delhi VAT.