

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

UNSTARRED QUESTION NO:136

ANSWERED ON:17.07.2017

Daily Pricing of Petroleum Products

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

- (a) whether the Government/State run Oil Marketing Companies propose to revise the price of petrol and diesel on daily basis together with international crude oil rate in the country;
- (b) if so, the details thereof and the reasons therefor along with its likely impact on the common man, inflation/ essential commodities and petroleum companies;
- (c) the details of mechanism put in place by the Government to communicate daily pricing of petrol and diesel to the consumers in order to increase the transparency and remove manipulation by petrol pump owners including monitoring of such revision in the country;
- (d) whether the customers/consumers of petrol and diesel are not given the actual benefit that accrued to oil companies by importing the same at low prices and if so, the details thereof along with the corrective measures taken/proposed to be taken by the Government;
- (e) whether the Government has received requests/suggestions from various quarters in this regard and if so, the details thereof along with the response of the Government thereto; and
- (f) whether fuel outlets are reportedly facing difficulties for want of centralised software to compute the rates on daily basis, if so, the details thereof and the steps being taken by the Government to alleviate the problem?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)

(a)&(b): Public Sector Oil Marketing Companies (OMCs), namely, Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited have implemented daily revision of retail selling price of Petrol and Diesel in the entire country effective 16th June, 2017.

Daily price revisions of Petrol and Diesel make the retail prices more reflective of the current market conditions, minimizing the volatility in the RSP of Petrol and Diesel. Further, it leads to increased transparency in the system and enables smoother flow of products from refinery/depots to Retail Outlets.

(c): Public Sector OMCs have established an appropriate mechanism for conveying the prices to consumers every day, including daily updates at their websites, prominent displays of prices at the retail outlets, sending of price related SMS to toll free number, Mobile apps etc.

(d) & (e): The prices of Petrol and Diesel have been made market determined effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector OMCs take appropriate decision on pricing of Petrol and Diesel in line with their international prices and other market conditions. Public Sector OMCs are at present applying Trade Parity Pricing methodology to compute the RSP. Other cost elements in the RSP of Petrol & Diesel viz Excise Duty, BS IV premium, marketing cost and margins etc. are specific costs which do not increase/decrease with the volatility in international prices of Petrol and Diesel. The element of excise duty which is specific in nature has been increased. Most of the State Governments have also increased VAT on Petrol and Diesel. After taking into account these factors, Public Sector OMCs have passed on major portion of the decrease in price to the consumers of Petrol and Diesel.

(f): As per Indian Oil Corporation Limited, centralized software is available and RSPs are being communicated on daily basis to RO dealers.

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