

Price Buildup of Diesel at Delhi

Sr. No.	Elements	Unit	Effective
			01-02-12
1*	FOB Price at Arab Gulf of Gasoil (Diesel) BS III equivalent	\$/bbl	130.24
2*	Add: Ocean Freight from AG to Indian Ports	\$/bbl	1.76
3	C&F (Cost & Freight) Price	\$/bbl	132.01
		OR	
		Rs/Ltr	41.55
4*	Import Charges (Ins, Ocean Loss, L/C Charges, Port Dues)	Rs/Ltr	0.39
5*	Customs Duty @ 2.575% (2.50% + 3% Education cess)	Rs/Ltr	1.08
6*	Import Parity Price (at 29.5 Deg) (Sum of	Rs/Ltr	43.01
7*	Export Parity Price (at 29.5 Deg)	Rs/Ltr	40.99
8*	Trade Parity Price (80% of (6)+20	Rs/Ltr	42.61
9*	Refinery Transfer Price (RTP) for BS III Diesel (Price Paid by the Oil Marketing Companies to Refineries)		42.61
10	Add: Premium for BS IV grade over BS III Grade	Rs/Ltr	0.04
11*	Add : Inland Freight , Delivery Charges, etc	Rs/Ltr	0.73
12*	Add : Marketing Cost of OMCs	Rs/Ltr	0.65
13*	Add : Marketing Margin of OMCs	Rs/Ltr	0.79
14	Total Desired Price (Sum of 9 to 13) - Before Excise Duty, VAT and Dealer Commission	Rs/Ltr	44.83
15*	Less: Under-recovery to Oil Marketing Companies for BS III Dies	Rs/Ltr	11.35
16	Price Charged to Dealers (14-15) - Excluding Excise Duty and VAT	Rs/Ltr	33.47
17*	Add : Specific Excise Duty @ Rs.2.06/Ltr (Rs.2.00/ Ltr+ 3% Education cess)	Rs/Ltr	2.06
18*	Add : Dealer Commission	Rs/Ltr	0.91
19*	Add : VAT (including VAT on Dealer Commission) applicable for Delhi @ 12.5% and Air Ambience Charges @ Rs.250/KL Less Rs.375/KL VAT Rebate	Rs/Ltr	4.46
20	Retail Selling Price at Delhi- Rounded off (Sum of 16 to 19)	Rs/Ltr	40.91

* The explanatory notes are given in the attachment

** Fortnightly RTP is the weighted average of all Indian Pricing Ports

Element wise explanation of Price Build up of Diesel		
Sr. No.	Elements	Description
1	FOB Price	FOB (Free on Board) daily quotes of Gasoline at Arab Gulf including premium /discount published by Platts and Argus publications are averaged for previous fortnight.
2	Ocean Freight	Ocean freight from Arab Gulf to destination Indian ports as per World Scale freight rate adjusted for AFRA.
4	Import Charges	Insurance charges, Ocean Loss, LC Charges & Port dues applicable on import of product.
5	Customs Duty	Basic Customs duty on diesel is 2.50% + 3% Education cess.
6	Import Parity Price (IPP)	IPP represents the price that importers would pay in case of actual import of Diesel at the respective Indian ports.
7	Export Parity Price (EPP)	EPP represents the price which oil companies would realize on export of diesel i.e. FOB price of product (serial no.1) plus Advance License benefit (ALB) (for duty free import of crude oil pursuant to export of refined products). Consequent to abolition of Customs Duty of Crude oil effective 25.06.2011, the ALB is currently NIL.
8	Trade Parity Price (TPP)	Trade Parity Price is 80% of IPP & 20% of EPP effective 16.6.2006 as per recommendations of Rangarajan Committee Report.
9	Refinery Transfer Price (RTP)	RTP based on Trade Parity Price is the price paid by the Oil Marketing Companies to domestic refineries for purchase of diesel at refinery gate.
11	Inland Freight & Delivery charges	It comprises of average freight from ports to inland locations and delivery charges up to Retail Outlet.
12	Marketing Cost	Marketing Cost & Margin is as per Marketing Cost Study Report, Nov. 2006 by Cost Accounts Branch, MoF.
13	Marketing Margin	
15	Under recovery to OMCs	Difference between Desired Price and Actual selling price (excluding Excise Duty, VAT and dealer commission), represents under-recoveries to OMCs.
17	Excise Duty	Excise duty on diesel is Rs. 2.00/ Litre as Road Cess + Education Cess @ 3%.
18	Dealer Commission	Dealer commission on diesel is Rs.912/KL (effective 01-July-2011) as fixed by MoP&NG.
19	VAT (Sales Tax)	VAT at applicable rate in respective State. It varies from state to state. Currently in Delhi, State Taxes on Diesel is VAT @ 12.50% + Air Ambience charges Rs.250/KL less Rebate of Rs.375/KL.