GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
UNSTARRED QUESTION NO. 622
TO BE ANSWERED ON 7TH FEBRUARY, 2022

Subsidy on petroleum products

622 Shri Birendra Prasad Baishya:

Will the Minister of ***Petroleum and Natural Gas*** be pleased to state:

(a) whether Government has planned to rationalize the subsidy on petroleum products instead of burdening few oil PSUs to bear excess burden at the cost of their financial health and navaratna status;

(b) if so, the details thereof; and

(c) how Government plans to balance the oil pricing mechanism by imposing lesser burden to the consumers in the event of hike in the international oil price?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI RAMESWAR TELI)

(a) to (c): Prices of petrol and diesel have been market-determined with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements.

In order to insulate the common man from the impact of rise in international oil prices, the Government continues to modulate the effective price to consumer of Domestic LPG. The subsidy on domestic LPG is paid to consumers by Oil Marketing Companies (OMCs) and the same is reimbursed by Government to OMCs on monthly basis.

The Central Government reduced the Central Excise duty on petrol and diesel by Rs. 5 and Rs. 10 per litre respectively effective from 4 November, 2021. The measure was aimed to give a further fillip to the economy and to boost consumption and keep inflation low, thus helping the poor and middle classes. Following this reduction in Central Excise duty, many States/UTs have also reduced the VAT on petrol and diesel.

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