MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
ECONOMIC DIVISION

RAJYA SABHA UNSTARRED QUESTION No. 196

DUE FOR ANSWER ON 19 JULY 2022

Impact of Russia-Ukraine crisis on the oil price in the Budget

196. SHRI G.C. CHANDRASHEKHAR:
SHRI RAJMANI PATEL:
SMT. PHULO DEVI NETAM:

Will the Minister of FINANCE
be pleased to state:

a) Whether the Union Budget of financial year 2022-23 was fixed using calculations that estimated crude oil prices to be between USD 75 to USD 80 starting from April onwards;
b) If so, the details of how the current surge in crude oil prices will affect the Budget;
c) Whether Government intends to amend any part of the Budget in response to current surge in crude oil prices; and
d) Whether Government believes that India's Current Account Deficit (CAD) will grow with the rising crude oil prices, if so, whether Government has already taken any measures to reduce the CAD?

MINISTER OF STATE FOR FINANCE SHRI PANKAJ CHAUDHARY

(a)-(c): No, Sir. The Budget Estimates of Expenditure for FY 2022-23 do not presume any particular price level of crude oil. The Budget does not provide subsidy for petroleum products except LPG. For LPG, the subsidy is provided at fixed rate for direct benefit transfer to Ujjwala beneficiaries and for supplies to far-flung areas. Economic Survey for 2021-22 assumes crude oil prices to be in the range of USD 70 to USD 75 per barrel while projecting the GDP growth rate during the financial year 2022-23 to be 8% to 8.5 % in real terms.

(d): The size of India's Current Account Deficit (CAD) depends on several factors including exports, imports, price of crude oil, among others. Government is carefully monitoring the CAD and has recently increased customs duty on gold from 10.75% to 15% to restrain gold imports that is likely to reduce CAD.

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