

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
UNSTARRED QUESTION NO. 1247

ANSWERED ON 13/02/2023

Reduction in oil prices in proportion to International prices

1247 Shri Sushil Kumar Gupta:

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

- (a) whether it is a fact that the oil companies have not reduced the prices of oil in the country despite the fact that the international oil prices are under control;
- (b) if so, the reasons therefor; and
- (c) whether Government would take up this issue with oil companies and advise them to reduce the oil prices in the country?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI RAMESWAR TELI)

(a) to (c): Prices of petrol and diesel in the country are linked to the prices of respective products in the international market. Retail prices of petrol and diesel in the domestic market 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. Public Sector Oil Marketing Companies (OMCs) have not increased prices of petrol and diesel since 6th April 2022. As against the combined 'Profit Before Tax' of Rs. 28360 Crore in H1 of financial year 2021-22, the three OMCs viz. IOCL, BPCL and HPCL have booked a combined loss of Rs. 27276 Crore in H1 of current financial year 2022-23.

Due to high volatility and elevated prices of crude oil, most of the developed countries have been reeling under high Petrol and Diesel prices. For example, in the US the prices of Petrol and Diesel increased by about 6% and 42% respectively over the period December 2021 to December 2022, whereas prices in India (Delhi) decreased by 7% in case of petrol and increased by only 3 % in case of diesel, during this period.

Central Government has reduced Central Excise duty by a total of Rs. 13/ litre and Rs. 16/ litre on petrol and diesel respectively in two tranches in November 2021 and May 2022 and retail prices fell as a result. 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. Subsequently, many States/UTs have also reduced VAT rates on petrol and diesel.

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