

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
UNSTARRED QUESTION NO. 1251
ANSWERED ON 13/02/2023

Exponential increase in fuel prices

1251 Shri Elamaram Kareem:

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

- (a) the actions taken by Government to control the exponential increase in the price of petrol and diesel;
- (b) whether Government would consider imposing cap on petrol and diesel prices in view of the continuous increase in their prices, so that the rates of petrol and diesel can be controlled once they are above a certain limit;
- (c) whether it is a fact that there is an increase in inflation due to rise in the prices of petrol and diesel; and
- (d) if so, the details thereof?

ANSWER

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

(a) to (d): 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.

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.

The impact of increase in prices of petrol and diesel can be seen in their impact on inflationary trend measured by Wholesale Price Index (WPI). The weightage of petrol and diesel in the WPI index is 1.60% and 3.10% respectively and in the CPI index is 2.19% and 0.15% respectively.

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