

GOVERNMENT OF INDIA

MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA

UNSTARRED QUESTION NO. 1249

ANSWERED ON 31/07/2023

Increase in the price of crude oil

1249 # Shri Neeraj Dangi:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) the reasons for the increase in the price of crude oil during the last two years;
- (b) the prices at which the petroleum products are being procured at present;
- (c) the details of the revenue received from petroleum products during the said period, year-wise; and
- (d) whether Government has any plan of enacting a law to control the increase in petroleum prices, if so, the details thereof?

ANSWER

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

(SHRI RAMESWAR TELI)

(a) to (d): International Prices of Crude Oil and Petroleum Products have been volatile with major fluctuations over past many months. This is due to various global events including geo-political developments, increase in demand as the world economy recovered from disruption caused due to Covid-19 and its variants, lower than usual inventory levels in major consuming nations, effects of reduced investments in Crude Oil production facilities over past few years, OPEC+ cut in production of 2 million barrels per day (bpd) announced effective November 2022, etc. Further, OPEC+ has announced voluntary cuts in April-23 to the extent of 1.16 million bpd, besides Russia's cuts of 0.5 million bpd, which brings the total volume cuts by OPEC+ to 3.66 million bpd, thereby impacting overall supplies. Alongside, there have been apprehension that an economic slowdown in major economies of the world may lower demand for oil.

The yearly average international prices of Indian basket of Crude oil for the last two years are given below:

Year	2021-22	2022-23	2023-24 (till 24.07.2023)
Average Indian Basket (\$/BBL)	79.18	93.15	77.99

The details of contribution of petroleum sector to exchequer since 2020-21 are given below:

(Rs. in Crore)

	Total Contribution to Central Exchequer	Total Contribution to State Exchequer	Total Contribution of Petroleum Sector to Exchequer
2020-21	455069	217650	672719
2021-22	492303	282122	774425
2022-23 (P)	428067	320651	748718

The above is based on data provided to Petroleum Planning and Analysis Cell (PPAC) by 15 major oil & gas companies. The amount reported by the companies to PPAC is the consolidated amount of all taxes/cess/ duties /GST etc. for crude oil and petroleum products.

(P) - Provisional

Prices of petrol and diesel have been market-determined with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel.

Government has reduced Central Excise duty by Rs. 13/ litre and Rs. 16/ litre on petrol and diesel respectively in two tranches in November 2021 and May 2022. The excise duty reductions were fully passed on to consumers 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.

India imports more than 60% of its domestic LPG consumption. Price of LPG in the country is linked to its price in the international market. However, Government continues to modulate the effective price to consumer for Domestic LPG. The subsidy, as admissible, is credited to the bank accounts of eligible beneficiaries. In addition, Government has started a targeted subsidy of Rs. 200 per 14.2 Kg cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year for years 2022-23 and 2023-24.