

GOVERNMENT OF INDIA  
MINISTRY OF PETROLEUM AND NATURAL GAS  
**RAJYA SABHA**  
**UNSTARRED QUESTION NO.- 2051**  
ANSWERED ON-07/08/2023

**INCREASE IN SALES OF FUELS**

2051. SHRI MASTHAN RAO BEEDA:

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

- (a) the details of the recent increase in fuel sales in the country and the factors driving this increase in the demand;
- (b) whether Government has taken measures to ensure that the increase in fuel prices does not adversely affect inflation and overall economic growth in the country;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the steps being taken to reduce the dependence on imported crude oil and promote domestic production of fuel?

**ANSWER**

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

(a): The consumption of petroleum products during FY 2022-23 (provisional) with a volume of about 223 MMT reported a growth of 10% compared to the volume of about 202 MMT during FY 2021-22 (Provisional). This growth was led by 13% growth in petrol and 12% in diesel. The country has experienced sustained economic growth over the past few years resulting in increased industrialization, urbanization and infrastructure development along with the rise in total sales of vehicles. These are the major factors which have led to overall higher demand for transportation, energy and fuel, driving up the consumption of fuels.

(b) to (c): 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. The excise 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.

(d): Government has adopted a five-pronged strategy comprising increasing domestic production of oil and gas, promoting energy efficiency and conservation measures, giving thrust on demand substitution, promoting biofuels and other alternate fuels/ renewables, EV charging facilities and refinery process improvements for reducing the country's oil dependence on imported crude oil.

Various steps have been taken by the Government to increase the production of domestic crude oil and bring down imports. These inter-alia include Discovered Small Field Policy, Reforms in Hydrocarbon Exploration and Licensing Policy for enhancing domestic exploration and production of Oil & Gas 2019, Natural Gas Marketing Reforms 2020, Policy to promote and incentivize enhanced recovery methods for Oil and Gas, Redevelopment of existing matured fields and development of new/marginal fields, Revival of Sick Wells, improving recovery factors through the implementation of Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) techniques, etc. Government has also provided functional freedom to national Oil Companies and promoted wider private sector participation by streamlining approval processes through electronic single window mechanism.

In addition, Government launched National Biofuel Policy, 2018, to boost availability of biofuels in country and use of alternative clean fuels like ethanol, bio-diesel and bio-CNG through schemes for Ethanol Blending, Bio-diesel blending and Sustainable Alternative Towards Affordable Transportation. Ethanol blending in Petrol during the Ethanol Supply Year (ESY) 2021-22 (December 2021-November 2022) is estimated to have had impact of over Rs. 22,600 Crore on the import bill of crude oil and petroleum products. The National Policy on Biofuels - 2018 as amended targets 20% blending of ethanol in petrol by ESY 2025-26. Public Sector OMCs have already achieved over 10% ethanol blending in petrol during Ethanol Supply Year (ESY) 2021-22. Sale of E-20 (20% ethanol blended petrol) fuel has also been launched in February, 2023.

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