

GOVERNMENT OF INDIA

MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA

UNSTARRED QUESTION NO. 2056

ANSWERED ON 07/08/2023

Rise in fuel prices

2056 Shri Elamaram Kareem:

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

- (a) the actions taken by Government to control the rising prices of fuels in the country;
- (b) whether Government's inaction in controlling the prices is the reason for exponential increase in fuel price since some years;
- (c) the details of consumption of petrol, diesel, kerosene, and natural gas in the country since 2017, year-wise;
- (d) whether this uncontrolled rise in fuel price resulted in inflation in the country; and
- (e) the actions taken to control the inflation triggered by rise of fuel price?

ANSWER

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

(SHRI RAMESWAR TELI)

(a) to (e): Prices of petrol and diesel 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.

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. Prices of LPG in the country are 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.

During the period 2020-21 to 2022-23, the average Saudi CP (international benchmark for LPG pricing) went up from \$415 per MT to \$712 per MT. However, the increase in international prices was not fully passed on in retail prices, due to which the Oil Marketing Companies (OMCs) suffered under recoveries of approximately Rs. 28,000 crore on sale of domestic LPG. To compensate this, Government paid a one-time compensation of Rs. 22,000 crore to OMCs in FY 2022-23. During Covid Pandemic, Government also provided about 14.17 Crore free LPG refills to PMUY households under Pradhan Mantri Gareeb Kalyan Package during 2020.

The impact of increase/decrease in prices of petrol and diesel can be assessed through their weightage in Wholesale Price Index (WPI). The weightage of petrol, diesel and LPG in the WPI index is 1.60%, 3.10% and 0.64% respectively.

Details of consumption of petrol, diesel, kerosene, and natural gas in the country since 2017-18 year-wise are given below:

Consumption data in TMT				Total Consumption (Net Production + LNG import) (in MMSCM)
Financial Year	Petrol	Diesel	Kerosene	Natural Gas
2017-18	26174	81073	3845	59170
2018-19	28284	83528	3459	60796
2019-20	29975	82602	2397	64144
2020-21	27969	72713	1798	60981
2021-22	30849	76659	1493	64159
2022-23	34976	85898	490	59969

Source: PPAC