

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
STARRED QUESTION NO. 77
ANSWERED ON 11/12/2023

LPG subsidy

77 Smt. Jebi Mather Hisham:

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

- (a) whether Government will take steps to reduce the price of petrol, diesel and LPG in the wake of the sharp decline in their crude price;
- (b) the quantum of amount in respect of subsidy with regard to LPG still pending, the details thereof from June 2020; and
- (c) whether Government will take measures to restore the subsidy which was stopped in June 2020, in the form of cash transfers to bank accounts, including the arrears?

ANSWER

MINISTER OF PETROLEUM AND NATURAL GAS
(SHRI HARDEEP SINGH PURI)

(a) to (c): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (c) in respect of Rajya Sabha Starred Question No. 77 for reply on 11.12.2023 regarding LPG subsidy asked by Smt. Jebi Mather Hisham.

(a) to (c): India has been the only major economy in the world where the prices of petrol and diesel have come down in the last 2 years. Changes in prices of petrol and diesel in some major economies between October 2021 and October 2023 are as under:

	%age Change in Prices between Oct-21 and Oct-23	
Country	Petrol	Diesel
India (Delhi)	-5%	-1%
France	15%	24%
Germany	11%	21%
Italy	13%	22%
Spain	16%	25%
UK	10%	13%
Canada	8%	31%
USA	22%	39%

Source: Petroleum Planning and Analysis Cell

Changes in prices of petrol and diesel in some neighbouring economies between October 2021 and October 2023 are as below:

	%age Change in Prices between Oct-21 and Oct-23	
Country	Petrol	Diesel
India (Delhi)	-5%	-1%
Pakistan	70%	73%
Bangladesh	26%	45%
Sri Lanka	60%	118%
Nepal	41%	53%

Source: Petroleum Planning and Analysis Cell

Prices of petrol and diesel are market determined and Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel. While crude oil prices (Indian basket) increased from \$73.30/bbl (December 2021) to \$112.87/bbl (March 2022) and further to \$116.01 (June 2022) and continue to remain highly volatile, OMCs have not increased/revised prices since 6th April 2022. In fact, excise duty reductions done in November 2021 and May 2022 of Rs. 13/litre and Rs. 16/litre on petrol and diesel respectively were fully passed on to consumers. Some state governments also reduced state VAT to provide relief to citizens.

Government of India also took several other steps to insulate common citizens from high international prices, which included diversifying the crude import basket, windfall taxes on export of petroleum products, invoking the provisions of Universal Service Obligation to ensure availability of petrol & diesel in domestic market, increasing the blending of ethanol in petrol, etc.

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. Government continues to modulate the effective price to consumer for domestic LPG. 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 the international prices was not fully passed on to the customers. The effective price of domestic LPG cylinder in neighboring countries as on 01.12.2023 is as below:

(In Indian Rupees)

Country	Domestic LPG (Rs./14.2 kg. cyl.)#
India	603.00*
Pakistan	1059.46
Sri Lanka	1032.35
Nepal	1198.56

#Source: Petroleum Planning and Analysis Cell

*Effective cost to PMUY beneficiaries in Delhi

Government has reduced the effective price of domestic LPG by Rs. 200 per 14.2 Kg LPG cylinder with effect from 30th August, 2023. Under PAHAL Scheme, the domestic LPG cylinders are sold at non-subsidised price and the applicable subsidy to the consumers is transferred directly into their bank accounts. OMCs credit the subsidy immediately to consumers and hence there is no pendency of subsidy payments. Apart from the direct subsidy to bank accounts to consumers, the OMCs have also been compensated Rs 22,000 crore in FY 2022-23 by Government of India to cover the under-recoveries suffered by them in not passing on the high international prices to the domestic LPG consumers.

W.e.f. 21st May, 2022, Government has been providing a budgetary support for targeted subsidy of Rs. 200 per 14.2 Kg LPG cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year for years 2022-23 and 2023-24. Moreover, w.e.f. 5th October, 2023, the targeted subsidy has been further increased to Rs. 300 per 14.2 Kg LPG cylinder for all Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries. As on 01.12.2023, the effective price of domestic LPG for PMUY consumers is Rs. 603 per 14.2 Kg LPG cylinder (in Delhi).

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