

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO. 290
ANSWERED ON 05/02/2024

INCREASE IN PRICES OF COMMERCIAL LPG

290 DR. ASHOK KUMAR MITTAL:

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

- (a) reasons behind recent increase in prices of commercial LPG by Oil companies and its impact on consumers and inflation;
- (b) steps taken to address concerns about the cost of domestic LPG and the perception that prices remain high for consumers, despite international crude oil prices being low;
- (c) whether Government would explain the factors influencing the pricing of LPG and natural gas, and the rationale behind the recent price hikes; and
- (d) the measures, if any, being taken to alleviate the burden on consumers and ensure the affordability of essential commodities, especially in the context of rising fuel and LPG prices?

ANSWER

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

(a): Prices of non-domestic LPG are set by LPG marketing companies independently. Details of recent changes in price of 19 Kg non-domestic LPG cylinders are as below:

Price as on	RSP of commercial LPG at Delhi (Rs./19 Kg Cylinder)
01.04.2022	2,253.00
01.04.2023	2,028.00
01.11.2023	1,833.00
01.12.2023	1,796.50
01.01.2024	1,755.50

Source: IOCL

(b) to (d): India imports more than 60% of its LPG consumption. Prices of LPG in the country are linked to price of LPG in the international market. To insulate domestic LPG consumers from fluctuations in international prices, 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. To

compensate under recoveries on sale of domestic LPG, Government paid a one-time compensation of Rs. 22,000 crore to OMCs in FY 2022-23.

Government has taken several steps to control fuel prices. Government reduced the effective price of domestic LPG by Rs. 200 per 14.2 Kg LPG cylinder with effect from 30th August, 2023. Government is also providing a targeted subsidy of Rs. 300 per 14.2 Kg LPG cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year. 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).

In the recent past, the prices of both domestic and commercial LPG have reduced. OMCs have also not increased/revised prices of petrol and diesel since 6th April 2022. 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.

LNG (Liquefied Natural Gas) is imported by various natural gas consumers, marketeers etc. on long term contracts and in spot markets. The prices of LNG are commercially agreed upon between buyer and seller in the international market.
