

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
UNSTARRED QUESTION NO. 1573
ANSWERED ON 05/08/2024

PRICE HIKE ON PETROLEUM AND NATURAL GAS PRODUCTS

1573 SHRI SANDOSH KUMAR P:

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

- (a) whether Government is aware of the increase in the price of petroleum and natural gas products for the last five years;
- (b) if so, the details of year-wise increase in petroleum and natural gas products across the country;
- (c) whether Government is planning to regulate the prices of petroleum and natural gas products; and
- (d) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI SURESH GOPI)

(a) to (d): Prices of petrol and diesel are market determined and Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel.

Government of India has taken several 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.

Central Government 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, which was fully passed on to consumers. Some State Governments also reduced state VAT rates to provide relief to citizens. In March, 2024, OMCs also reduced the retail prices of petrol and diesel by Rs. 2 per litre each and current RSP of petrol and diesel at Delhi is Rs. 94.72 and Rs. 87.62 per litre respectively.

India imports about 60% of its domestic LPG consumption. Prices of LPG in the country are 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.

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. Apart from the direct subsidy 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 LPG prices to the domestic LPG consumers.

Government reduced the retail selling price of domestic LPG for all consumers by Rs. 200 per 14.2 Kg LPG cylinder with effect from 30th August, 2023. Government further reduced the RSP of domestic LPG by Rs. 100 per 14.2 Kg cylinder w.e.f. 9th March, 2024. The current RSP of domestic LPG at Delhi is Rs. 803 per 14.2 Kg cylinder.

W.e.f. 21st May, 2022, Government has been providing a targeted subsidy of Rs. 200 per 14.2 Kg LPG cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year. Moreover, w.e.f. 5th October, 2023, Government increased the targeted subsidy to Rs. 300 per 14.2 Kg LPG cylinder for all Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries. With a targeted subsidy of Rs. 300 per cylinder (and proportionately prorated for 5 Kg cylinder), effective cost for PMUY consumers is Rs. 503 per 14.2 Kg cylinder (at Delhi) currently.

The details of average retail selling prices of petrol, diesel and domestic LPG at Delhi since 2019-20 are given at Annexure.

The price of Piped Natural Gas (PNG) and Compressed Natural Gas (CNG) in any location is fixed by the City Gas Distribution (CGD) entity authorized by Petroleum and Natural Gas Regulatory Board (PNGRB) after considering cost of gas procured, state taxes, tariff and other components.

The Government has approved the revised domestic natural gas pricing guidelines vide gazette notification dated 07.04.2023 for gas produced from nomination fields of ONGC/OIL, New Exploration Licensing Policy (NELP) blocks and pre-NELP blocks, where Production Sharing Contract (PSC) provides for Government's approval of prices. The price of such natural gas shall be 10% of the monthly average of Indian crude Basket and shall be notified on a monthly basis. For the gas produced by ONGC & OIL from their nomination blocks, the Administered Price Mechanism (APM) price shall be subject to a floor and a ceiling. Gas produced from new wells or well intervention in the nomination fields of ONGC & OIL, would be allowed a premium of 20% over the APM price. The reforms have led to significant decrease in prices of Piped Natural Gas (PNG) for households and Compressed Natural Gas (CNG) for transport.

X-X-X-X-X

Annexure referred to in reply to Rajya Sabha Unstarred Question No. 1573 asked by Shri Sandosh Kumar P to be answered on 05.08.2024 regarding “Price hike on petroleum and natural gas products”.

Average Retail Selling Prices (RSP) of petrol, diesel and domestic LPG at Delhi

| Year | RSP of Petrol (Rs./Litre) | RSP of Diesel (Rs./Litre) | RSP of Domestic LPG (Rs./14.2 Kg cylinder) |
|------------------------------|--------------------------------------|--------------------------------------|---|
| 2019-20 | 72.69 | 65.78 | 688.03 |
| 2020-21 | 80.84 | 73.58 | 650.80 |
| 2021-22 | 98.05 | 87.42 | 866.85 |
| 2022-23 | 97.90 | 90.58 | 1,038.70 |
| 2023-24 | 96.63 | 89.53 | 979.23 |
| 2024-25 (Till 01.08.2024) | 94.72 | 87.62 | 803.00* |

Source: Petroleum Planning & Analysis Cell (PPAC)

*Subsidy of Rs. 300 per 14.2 Kg domestic LPG cylinder is given to PMUY beneficiaries, upto 12 cylinders per annum