

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA

UNSTARRED QUESTION NO- 134

ANSWERED ON- 25/11/2024

MONITORING AND REGULATION OF FUEL PRICES

134 SHRI DEBASHISH SAMANTARAY:

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

- (a) whether Government monitor and regulate the pricing of petroleum products in the country;
- (b) whether there is any independent bodies or committees involved in reviewing fuel price changes and their impact on consumers;
- (c) whether plans are in place to enhance the regulatory framework for fuel pricing to ensure fair and reasonable prices for consumers; and
- (d) if so, the details thereof?

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 has been taking various steps to ensure fair and reasonable prices for consumers. Domestically, Petrol and Diesel prices have come down from Rs. 110.04 and Rs. 98.42 per litre in November 2021 to Rs. 94.77 and Rs. 87.67 per litre respectively (as on 18.11.2024, Delhi prices) as a result of reduction of Central Excise duty by Central Government 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, across the country.

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.

Recently PSU OMCs have carried out intra-state freight rationalisation. This has benefitted consumers located at remote areas, far from Petroleum Oil & Lubricants (POL) Depots in form of reduced Petrol and Diesel prices in remote parts within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state.

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.

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.

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. Government reduced the retail selling price of domestic LPG by Rs. 200 per 14.2 Kg LPG cylinder with effect from 30th August, 2023. 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. 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. 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.

Petroleum Planning & Analysis Cell (PPAC), an organisation attached to the Ministry of Petroleum and Natural Gas, monitors, records and analyses the trends in prices of crude oil, petroleum products and natural gas and their impact on the oil companies and consumers, and prepares appropriate technical inputs for policy making. It also prepares periodic reports on various aspects of oil and gas sector. The analysis and compilation prepared by PPAC is widely relied upon.

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