

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-784
ANSWERED ON- 02/12/2024

REDUCING FUEL TAXES AND NEED TO PROVIDE RELIEF TO CONSUMERS

784 SHRI SANJAY RAUT:

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

- (a) whether it is a fact that Government has been unable to reduce petrol and diesel prices despite a significant decrease in global crude oil prices;
- (b) if so, the specific reasons for maintaining high prices, and response of Government to public concerns over this issue;
- (c) the quantum of revenue generated from fuel taxes in the last three years, and manner in which this revenue has been utilized in welfare schemes and infrastructure projects; and
- (d) whether Government is planning any relief measures to assist consumers affected by high fuel prices?

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.

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 25.11.2024, Delhi prices) as a result of various steps taken by Government and PSU OMCs, including reduction of Central Excise duty by the 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.

The details of contribution of petroleum sector to exchequer since 2021-22 are given below:

(Rs. in Crore)

F.Y.	Contribution to Central Exchequer	Contribution to State Exchequer	Total Contribution of Petroleum Sector to Exchequer
2021-22	4,92,303	2,82,122	7,74,425
2022-23	4,28,067	3,20,651	7,48,718
2023-24	4,32,394	3,18,762	7,51,156
2024-25 (Apr-June 2024)	79,192	76,774	1,55,966

The above is based on data provided to Petroleum Planning and Analysis Cell (PPAC) by 15 major oil & gas companies. The amount reported by the companies to PPAC is the consolidated amount of all taxes/cess/ duties /GST etc. for crude oil and petroleum products.

The revenue generated by taxation is used in various developmental schemes of the Government like Targeted subsidy to PMUY households, Food & Fertilizer subsidy and infrastructure building, Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Ujjawala Yojana (PMUY), Ayushman Bharat, Pradhan Mantri Garib Kalyan Yojana (PMGKY), Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), free vaccination for COVID – 19 etc. The cess is used for infrastructure development and also generates employment.
