

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-141
ANSWERED ON- 03/02/2025

DEREGULATION OF PETROL PRICES

141 DR. M. THAMBIDURAI:

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

- (a) whether Government deregulated the prices of petrol;
- (b) if so, the details thereof;
- (c) whether such a deregulation had been useful to the common-men;
- (d) if so, the details thereof;
- (e) whether it is a fact that several States including the State of Tamil Nadu, had not passed on the benefits of deregulation to the consumers/common-men;
- (f) if so, the details thereof; and
- (g) the steps taken by the Central Government to direct State Governments to pass on the benefits of deregulation of petrol prices?

ANSWER

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

(a) to (g) Prices of petrol have been market-determined with effect from 26.06.2010. Since then, the Oil Marketing Companies (OMCs), in both Public and Private sector, take appropriate decisions on pricing of petrol. The retail price charged to consumers include product price, exchange rate, taxes including both central excise and state levies, inland freight and other cost elements. Market determined pricing is meant to attract higher investments in the fuel retail sector, and by spurring market competition, encourage OMCs to reduce costs, improves efficiency and service standards.

Domestically, Petrol prices have come down to Rs. 94.77 per litre (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 on petrol in two tranches in November 2021 and May 2022, which was fully passed on to consumers. While some State Governments reduced state VAT rates to provide relief to citizens, a few States including Tamil Nadu did not.

In March, 2024, OMCs reduced the retail prices of petrol and diesel by Rs. 2 per litre each. 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.

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