

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-1723
ANSWERED ON- 04/08/2025

PLANNING TO STREAMLINE PETROLEUM PRODUCTS SUBSIDIES

1723 SHRI BIRENDRA PRASAD BAISHYA:

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

- (a) whether Government is planning to streamline petroleum product subsidies rather than forcing a small number of oil PSUs to shoulder excessive burdens at the expense of their financial stability and navaratna status;
- (b) if so, the details thereof; and
- (c) the manner in which Government intends to balance the oil pricing mechanism by putting less of a burden on consumers in the event of an increase in the global oil price?

ANSWER

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

(a) to (c) Pricing of petrol and diesel in the country is market-determined and OMCs take appropriate decision on pricing of petrol and diesel. However, the Government remains sensitive to the impact of global oil price fluctuations. Calibrated interventions have been undertaken - such as reductions in central excise duties. For instance, Government reduced the 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 reduced the retail prices of petrol and diesel by Rs. 2 per litre each. In April 2025, excise duty on Petrol and Diesel was increased by Rs. 2 per litre each but this was not passed on to consumers.

PSU OMCs recently carried out an intra-state freight rationalisation. This has benefitted consumers located at remote areas, far from Petroleum Oil & Lubricants (POL) Depots in the 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 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.

Effective 1st March, 2020, the retail selling price of PDS Kerosene is being maintained at NIL under-recovery level on pan India basis.

While price of LPG in the country is linked to its price in the international market, Government continues to modulate the effective price for domestic LPG consumers. Government

compensates PSU OMCs for subsidies and under-recoveries on sale of domestic LPG from time to time so that no undue burden is borne by these companies. For instance, during June 2020 to June 2022, PSU OMCs incurred under recoveries on sale of domestic LPG, against which Government compensated OMCs to the extent of Rs. 22000 crore.

The retail selling price of a 14.2 Kg domestic LPG cylinder is currently Rs. 853 in Delhi. After a targeted subsidy of Rs. 300/cylinder to PMUY consumers, Government is providing 14.2 Kg LPG cylinders at an effective price of Rs.553 per cylinder (in Delhi). This is available to about 10.33 crore Ujjwala beneficiaries, across the country.

Government remains committed to a balanced and pragmatic approach -anchored in market principles, consumer interest, and long-term energy transition goals.
