

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-4122
ANSWERED ON- 30/03/2026

PASSING ON CRUDE PRICE BENEFIT TO CONSUMERS

4122 DR. ASHOK KUMAR MITTAL:

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

- (a) the reasons for Government's refusal to significantly reduce retail petrol and diesel prices despite a prolonged softening of global crude oil rates;
- (b) whether the massive excise duties and cesses levied on automotive fuels are deliberately utilized to profiteer at the expense of the common citizen;
- (c) the exact quantum of revenue collected by the Centre through taxes on petroleum products over the last three Financial Years; and
- (d) the details of the massive windfall profits accumulated by Oil Marketing Companies (OMCs) by not passing on crude price benefits to consumers?

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.

India imports majority of its crude oil requirements and prices of petroleum products in India are linked to international markets. Despite volatility in global crude/petroleum prices, PSU OMCs have moderated retail petrol and diesel prices.

Government makes fiscal interventions whenever necessary to calibrate the tax structure applicable for petroleum products. Central Excise duty was reduced 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. In March, 2024, OMCs reduced the retail prices of petrol and diesel by Rs. 2 per litre each. But in April 2025, when excise duty on Petrol and Diesel was increased by Rs. 2 per litre each it was not passed on to consumers.

Recently due to the Middle East crisis, international crude oil prices have risen significantly. To protect consumers from its impact, Government has decided to absorb a part of this burden and has reduced the excise duties on petrol and diesel by Rs. 10 per litre each.

Despite unprecedented volatility in international crude oil and product prices due to conflicts and other extraneous factors/developments, prices of Petrol and Diesel in retail outlets in India, unlike other economies, have either remained largely stable in last four years (post the Russia-Ukraine conflict) as under:

Country	% age Change in Prices between Feb-2022 and Feb-2026	
	Petrol	Diesel
India (Delhi)	-0.67%	1.15%
Pakistan	55.52%	43.44%
Sri Lanka	30.74%	81.41%
Nepal	8.60%	7.56%
USA	11.54%	10.46%
Italy	13.17%	25.29%
Spain	16.23%	21.05%
Germany	21.77%	28.90%
France	19.33%	23.84%

Source: Petroleum Planning and Analysis Cell (PPAC)

In LPG sector also, Government has paid a compensation of Rs. 22,000 crore to OMCs in FY 2022-23 and has approved another compensation of Rs. 30,000 crore in FY 2025-26 for under-recoveries incurred on sale of domestic LPG.

The details of contribution of petroleum sector to exchequer since 2022-23 are at Annexure.

Annexure referred to in reply to Rajya Sabha Unstarred Question No. 4122 asked by Dr. Ashok Kumar Mittal to be answered on 30.03.2026 regarding “Passing on crude price benefit to consumers”.

Contribution of petroleum sector to exchequer

(Rs. in Crore)

Particulars	2022-23	2023-24	2024-25	H1 2025-26 (P)
Contribution to Central Exchequer				
A. Tax/ Duties on Crude oil & Petroleum products				
Cess on Crude Oil	21,445	19,580	18,559	7,024
Royalty on Crude Oil / Natural Gas	9,822	9,286	9,195	4,288
Customs Duty	14,985	13,134	14,337	6,440
NCCD on Crude Oil	1,192	1,191	1,197	577
Excise Duty	2,87,575	2,73,684	2,71,529	1,30,092
IGST	22,236	20,930	19,065	9,987
CGST	13,012	12,230	10,653	5,645
Others	59	51	46	32
Sub Total (A)	3,70,326	3,50,086	3,44,581	1,64,085
B. Dividend to Government/ Income tax etc.				
Corporate/ Income Tax	33,292	57,493	43,245	23,553
Dividend income to Central Govt.	15,673	19,310	22,095	4,653
Profit Petroleum on exploration of Oil/ Gas	8,776	5,505	5,322	4,135
Sub Total (B)	57,741	82,308	70,663	32,341
1. Total Contribution to Central Exchequer (A+B)	4,28,067	4,32,394	4,15,244	1,96,427
2. Total Contribution to State Exchequer	3,20,651	3,18,762	3,25,584	1,58,116
Total Contribution of Petroleum Sector to Exchequer (1+2)	7,48,718	7,51,156	7,40,828	3,54,542

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. (P) - Provisional