GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO - 129
ANSWERED ON - 20/07/2026

FUEL PRICE AND TAXATION

129 SHRI CHANDRAKANT DAMODAR HANDORE:

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

(a) whether Government has assessed the impact of high petrol and diesel prices on household budgets and inflation;

(b) the details of Central taxes and cesses collected on petrol and diesel during each of the last five years;

(c) whether Government proposes to reduce fuel prices by rationalising taxes; and

(d) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS

(SHRI SURESH GOPI)

(a) to (d) The impact of increase/decrease in prices of Petrol and Diesel on household inflation can be assessed through their weightage in the Wholesale Price Index (WPI). The weightage of Petrol and Diesel in the WPI index is 1.73 and 4.03% respectively.

Prices of petrol and diesel in the country are market-determined and the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel.

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. 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.

Since March 2026, due to the West Asia crisis, international crude oil prices have risen significantly. To protect consumers from its impact, in March 2026 Government reduced the excise duties on petrol and diesel by Rs. 10 per litre each, resulting in a substantial negative impact on its tax revenues.

The details of contribution of petroleum sector to central exchequer since 2021-22 are at Annexure.

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Annexure

Annexure referred to in reply to Rajya Sabha Unstarred Question No. 129 asked by Shri Chandrakant Damodar Handore on 20.07.2026 regarding "Fuel Price and Taxation".

Contribution of Petroleum Sector to Central Exchequer

(Rs. in Crore)

Particulars		2021-22	2022-23	2023-24	2024-25(P)	2025-26 (P)
Contribution to Central Exchequer						
	A. Tax/ Duties on Crude oil & Petroleum products					
	Cess on Crude Oil	19,213.6	21,444.7	19,580.4	18,559.1	17,744.2
	Royalty on Crude Oil / Natural Gas	5,638.7	9,821.9	9,286.2	9,195.2	8,214.3
	Customs Duty	11,423.4	14,985.3	13,133.7	15,488.9	15,091.4
	NCCD on Crude Oil	1,120.9	1,192.4	1,190.9	1,196.6	1,205.2
	Excise Duty	3,63,305.0	2,87,575.3	2,73,683.9	2,76,562.9	3,08,381.3
	Service tax	-	-	-	-	-
	IGST	19,726.3	22,235.8	20,929.7	19,251.5	20,310.0
	CGST	10,843.3	13,011.6	12,230.1	10,862.8	11,695.4
	Others	337.6	59.5	51.5	66.2	104.6
	Sub Total (A)	4,31,608.9	3,70,326.5	3,50,086.4	3,51,183.1	3,82,746.5
	B. Dividend to Government/ Income tax etc.					
	Corporate/ Income Tax	29,219.3	33,291.8	57,493.3	46,225.8	59,595.4
	Dividend income to Central Govt.	22,612.2	15,672.7	19,309.7	22,095.4	25,713.7
	Dividend distribution tax	-	-	-	-	-
	Profit Petroleum on exploration of Oil/ Gas	8,862.1	8,776.1	5,504.7	5,322.4	7,683.4
	Sub Total (B)	60,693.6	57,740.7	82,307.7	73,643.6	92,992.6
Total Contribution to Central Exchequer (A+B)		**4,92,302.5**	**4,28,067.1**	**4,32,394.1**	**4,24,826.7**	**4,75,739.0**

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