GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO.1846
TO BE ANSWERED ON TUESDAY, AUGUST 04, 2026 /*13 Shravana, 1948 (Saka)*

Excise duty on Petrol and Diesel

1846. Shri S.R. Sivalingam:
Will the Minister of FINANCE be pleased to state:

(a) the implications arising from the reduction in excise duties on Petrol and Diesel amid sharp increases in international crude oil prices, particularly with regard to inflation management, revenue mobilisation and support extended to public sector oil marketing companies;
(b) the strategies adopted by Government for balancing the fiscal impact of such duty reductions with budgetary commitments and macroeconomic stability objectives;
(c) the outcomes observed from measures aimed at shielding consumers and mitigating the impact of global energy market disruptions; and
(d) the measures proposed by Government for ensuring sustainable fiscal management while addressing future fuel price volatility?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)**

(a) The Government reduced the Central excise duty on petrol and diesel by ₹10 per litre in March 2026 to protect consumers from the impact of elevated international crude oil prices. The excise duty reduction partly offset the under-recoveries being absorbed by Public Sector Oil Marketing Companies (OMCs), enabling them to continue supplying fuel without disruption. Since the beginning of the West Asia conflict, the retail prices of petrol and diesel have been increased marginally by the PSU OMCs despite sharp increases in international crude oil prices.

(b) The Government's strategy is to accommodate such measures within the available budgetary space by closely monitoring revenue and expenditure trends, reprioritising expenditure, and taking appropriate fiscal measures as warranted by evolving economic conditions. This enables the Government to respond to unforeseen shocks, such as elevated international crude oil prices, while continuing to meet budgetary commitments, support macroeconomic stability and adhere to the fiscal consolidation path.

(c) Despite severe disruptions in global energy markets, the measures taken by the Government helped cushion the impact on consumers and the domestic economy. The brent crude oil prices peaked at USD 138.2 per barrel in April 2026, exerting upward pressure on global energy prices and domestic producer prices. However, to protect the consumers, the Government limited the increase in domestic retail prices of petrol and diesel to a marginal level. Moreover, the impact on consumer prices remained relatively contained, with average CPI inflation at 3.9 per cent during April–June 2026, below the RBI's inflation target of 4+/-2 per cent.

(d) The Government will continue to adopt appropriate fiscal and administrative measures to mitigate the impact of future fuel price volatility while maintaining fiscal sustainability. Ongoing efforts to strengthen domestic revenue mobilisation, adherence to the fiscal consolidation path, enhancing energy security through diversification of crude oil import sources and expansion of Strategic Petroleum Reserves, promoting alternative and cleaner fuels, and improving energy efficiency will reduce the economy's vulnerability to external energy shocks while supporting sustainable and resilient economic growth.

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