GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO-941
ANSWERED ON- 27/07/2026

DIRECTION ISSUED TO OMCS FOR REDUCING PRICES

941 SHRI RAMJI LAL SUMAN:

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

(a) whether Government has directed the Oil Marketing Companies (OMCs) to reduce petrol prices and share the ethanol blending dividend with consumers to provide relief amid inflationary pressures;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the steps Government has taken to audit and regulate the pricing mechanism so that savings from the ethanol blended petrol (EBP) programme are reflected in lower prices for the common people?

ANSWER

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

(SHRI SURESH GOPI)

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

India imports around 88% of its crude oil requirements. 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 duty on petrol by Rs. 10 per litre, but at the same time resulting in a substantial reduction of its tax revenues.

Crude oil prices (Indian basket) increased to USD 136.68/barrel during March 2026 and have continued to fluctuate due to various geopolitical and market factors. Against this, Petrol prices were increased only marginally by the PSU OMCs. The current RSP of Petrol is Rs. 102.12 per litre (Delhi). As a result, PSU OMCs have incurred huge under recoveries on the sale of petrol.

In accordance with the Government's policy for implementation of the Ethanol Blended Petrol (EBP) Programme, both Public and Private Oil Marketing Companies have been directed to supply Ethanol Blended Motor Spirit (EBMS) containing up to 20% ethanol, conforming to the relevant Bureau of Indian Standards (BIS) specifications, across all States and Union Territories.

For the Ethanol Supply Year 2024-25, the average procurement cost of ethanol stands at Rs.71.55 per litre (inclusive of transportation and GST), which was higher than the cost of refined petrol.

India has managed to protect consumers from full impact of volatile global crude oil prices, as nearly 20% of every litre of petrol sold consists of domestically produced ethanol. Ethanol blending is therefore not about making petrol cheaper but about reducing India’s exposure to vagaries of imported crude oil.

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