

LOK SABHA

**UNSTARRED QUESTION NO. 2683
TO BE ANSWERED ON 16 MARCH, 2023**

Demand and Prices of Petroleum Products

2683. SHRI D.M. KATHIR ANAND:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the Government is aware of the fact that on one side the prices of Petrol, Diesel, Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG), Liquefied Petroleum Gas (LPG) is escalating and on the other side the demand too is increasing and if so, the details thereof;
- (b) the steps taken by the Government to meet the demand and supply and also to reduce the prices of Petrol, Diesel, CNG, LNG and LPG; and
- (c) the effective measures taken by the Government to control further hikes in the prices of Petrol, Diesel and Domestic LPG?

ANSWER

**पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री
(श्री रामेश्वर तेली)**

**MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI RAMESWAR TELI)**

(a) to (c): Prices of petrol and diesel have been market-determined with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel. Public Sector Oil Marketing Companies (OMCs) have not increased prices of petrol and diesel since 6th April 2022.

To ensure adequate supply of petroleum products including Petrol and Diesel in domestic markets, Government has taken several steps which include diversification of sources of crude oil, very high capacity utilisation of oil refineries, expansion of oil refineries, blending of ethanol in Petrol etc. Further, Government has made it obligatory for Oil companies including PSU OMCs to sell 30% of diesel and 50% of petrol exports in domestic market. The consumption of petroleum products during April-Feb 2023 with a volume of 201.79 MMT reported a growth of 10.77% compared to the volume of 182.18 MMT during the same period of the previous year. This growth was led by 14.05% growth in petrol, 13.26% in diesel.

Central Government has reduced 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. The excise reduction of May 2022 was fully passed on to consumers and retail prices fell as a result. The measure was aimed to give a further fillip to the economy and to boost consumption and keep inflation low, thus helping the poor and middle classes. Subsequently, many States/UTs have also reduced VAT rates on petrol and diesel.

Government continues to modulate the effective price to consumer for domestic LPG. The average Saudi Contract Prices (CP) on which the domestic LPG prices are based, increased from US\$ 454/MT to US\$ 693/MT during 2019-20 to 2021-22. During 2022-23 the average Saudi CP has further risen to US\$ 790 /MT for February 2023.

Indigenous production of LPG in the country is less than the demand. OMCs import LPG to meet this deficit and maintain smooth supply of LPG in the country. The supply-demand scenario is monitored on regular basis and additional imports are tied up as and when required.

The prices of Compressed Natural Gas (CNG) in any location is fixed by the authorised City Gas Distribution (CGD) entity after considering cost of gas procured, State taxes, tariff and other components.

LNG (Liquefied Natural Gas) is imported by various natural gas consumers, marketeers etc. on long term contracts and in spot markets. The prices of LNG are commercially agreed upon between buyer and seller in the international market.

However, to reduce the impact of increase in international gas prices on CNG prices in India, Government has taken various steps, including, increasing domestic APM gas allocation to CNG(Transport) and PNG (Domestic) by about 250% of the allocation in 2013-14, diverting domestic gas from power and other non-priority sectors to meet the requirements for CNG (transport) and PNG (domestic) segments, declaring CNG(T)/PNG(D) segment as the first priority for allocation of domestic natural gas. While LNG prices in the international market (JKM) had increased by 327% between January 2021 and November 2022, they have subsequently come down in the recent months.

Demand for CNG has increased over the years and has gone up to 5690 MMSCM in 2021-22 from 3674 MMSCM in 2020-21.