

LOK SABHA

**UNSTARRED QUESTION NO. 2700
TO BE ANSWERED ON 16 MARCH, 2023**

Market Linked Pricing for Petroleum

†2700. SHRI GOPAL CHINNAYA SHETTY:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether it is a fact that the petroleum products have been market determined at present;
- (b) if so, whether the benefit of price reduction is provided to the consumers and if not, the reasons therefor;
- (c) the reasons for linking domestic petroleum prices with the related products in international market;and
- (d) the details of price determination process along with the manner in which it is beneficial/harmful for Indian consumers?

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 (d): 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.

While crude oil price (Indian basket) in rupee per barrel terms has increased by 23% from December 2021 to March 2023, increase in Retail Selling Price of Petrol and Diesel at Delhi is only 1.08% and 3.40% respectively.

India imports more than 60% of its domestic LPG consumption. The average Saudi CP prices 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 Saudi CP has further risen to US\$ 790/MT for February 2023. However, the Government continues to modulate the effective price of domestic LPG. Public Sector Oil Marketing Companies have suffered huge losses on sale of domestic LPG. To compensate these losses, the Government has recently paid a one-time compensation of Rs. 22000 crore to OMCs. Government has also started a targeted subsidy of Rs. 200 per 14.2 Kg cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills for year 2022-23.

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 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.

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