

LOK SABHA
UNSTARRED QUESTION NO. 3661
TO BE ANSWERED ON 10 AUGUST, 2023

Petroleum Products on Subsidised Rates

3661. PROF. SOUGATA RAY:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the Government has any proposal to distribute petroleum products at subsidised rates to the people living below poverty line and if so, the details thereof and if not, the reasons therefor;
- (b) the status of biodiesel production in the country; and
- (c) whether the Government proposes to bring uniformity in the prices of petroleum products in the country and if so, the details thereof?

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): Prices of petrol and diesel in the country have been market-determined with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel.

Government has reduced Central Excise duty by Rs. 13/ litre and Rs. 16/ litre on petrol and diesel respectively in two tranches in November 2021 and May 2022. The excise duty reductions were 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.

Prices of LPG in the country are linked to its price in the international market. However, Government continues to modulate the effective price to consumer for Domestic LPG. The subsidy, as admissible, is credited to the bank accounts of eligible beneficiaries. Till December 2022, 9.6 Crore PMUY connections have been provided to poor households in the country. In addition, Government has started a targeted subsidy of Rs. 200 per 14.2 Kg cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year for years 2022-23 and 2023-24.

During the period 2020-21 to 2022-23, the average Saudi CP (international benchmark for LPG pricing) went up from \$415 per MT to \$712 per MT. However, the increase in international prices was not fully passed on in retail prices, due to which the Oil Marketing Companies (OMCs) suffered under recoveries of approximately Rs. 28,000 crore on sale of domestic LPG. To compensate this, Government paid a one-time compensation of Rs. 22,000 crore to OMCs in FY 2022-23. During Covid Pandemic, Government also provided about 14.17 Crore free LPG refills to PMUY households under Pradhan Mantri Gareeb Kalyan Package during 2020.

(b): OMCs procure biodiesel for blending with diesel as per BIS standards. Biodiesel procurement by OMCs has increased from 1.1 crore liters during 2015-16 to 11.57 crore liters during April-June 2023.

(c): No such proposal is under consideration before the Government. The prices of petrol and diesel vary from market to market due to various factors like freight rates, VAT, local levies etc.

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