

LOK SABHA
UNSTARRED QUESTION NO. 3219
TO BE ANSWERED ON 16TH DECEMBER, 2021

Price Rise in Petroleum Products

3219. SHRI K. MURALEEDHARAN:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the Government has taken any steps to check the frequent price rise of petroleum products and domestic LPG cylinder;
- (b) if so, the details thereof;
- (c) whether the Ministry of Petroleum has submitted any proposal to the Ministry of Finance for including petroleum products under GST; and
- (d) 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) & (b): 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 in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements. The prices of petroleum products in the country are linked to the price of respective products in the international market. Effective 16 June, 2017, daily pricing of petrol and diesel has been implemented in the entire country.

The Central Government reduced the Central Excise duty on petrol and diesel by Rs. 5 and Rs. 10 per litre respectively effective from 4 November, 2021. 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. Many States/UTs have also reduced the VAT on petrol and diesel subsequently.

Prices of LPG in the country are based on Saudi Contract Price (CP), the benchmark for international prices of LPG. Saudi CP has risen approximately 238% from April, 2020 to October, 2021 (236 USD/MT to 797 USD/MT). However, for domestic LPG the Government continues to modulate the effective price to consumer to insulate the common man from rise in international prices.

(c) & (d): Article 279 A (5) of the Constitution prescribes that the Goods and Service Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF). Also, as per the section 9(2) of the CGST Act, inclusion of these products in GST will require recommendation of the GST Council. So far, the GST Council, in which the states are also represented, has not made any recommendation for inclusion of these goods under GST.

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