

LOK SABHA
UNSTARRED QUESTION NO. 2642
TO BE ANSWERED ON 17th March, 2022

INCREASED FUEL COST

2642: SHRI DAYANIDHI MARAN :

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the steps taken by the Government to insulate Indian consumers from increased fuel costs due to the increasing cost of crude oil and Russia-Ukraine war;
- (b) the steps taken/being taken by the Government to protect the Indian fuel market from the ripple effects of the Russia-Ukraine war; and
- (c) whether the Government has taken any steps or methods to absorb the increase in fuel costs or provide subsidies to shield Indian Consumers from the price rise due to the global situation 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)to(c): The geopolitical situation between Russia and Ukraine has resulted in steep increase in global crude oil and gas prices. Government of India is closely monitoring global energy markets as well as potential energy supply disruptions as a fall-out of the evolving geopolitical situation. In November 2021, in a bid to control inflationary pressures, Government of India, in consultation and parallelly with major energy consumers, had agreed to release 5 million barrels from its Strategic Petroleum Reserves.

Government of India is ready to take all appropriate action, as deemed fit, for mitigating market volatility and calming the rise in crude oil prices.

Further, to ensure security of crude supplies and to mitigate the risk of dependence on crude oil from single region, Oil Public Sector Undertakings (PSUs) have diversified its petroleum basket and are procuring crude from countries located at various geographical locations viz. Middle East, Africa, North America, South America etc.

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.

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 228% from April, 2020 to February, 2022 (236 USD/MT to 775 USD/MT). However, for domestic LPG the Government continues to modulate the effective price to consumers to insulate the common man from rise in international prices.
