

LOK SABHA
UNSTARRED QUESTION NO. 1652
TO BE ANSWERED ON 01 AUGUST, 2024

Cost of Petroleum Products

1652 Shri Arvind Ganpat Sawant:
Shri Sanjay Haribhau Jadhav:
Shri Shrirang Appa Chandu Barne:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the average cost of petroleum products for every year since 2014;
- (b) the yearly percentage increase in the cost of petroleum products for every year during the last five years and the reasons for such increase;
- (c) whether the Union Government has taken any steps to control the rise and if so, the details thereof;
- (d) the steps taken by the Union Government to explore alternatives to petroleum products;
- (e) whether there is any proposal to bring the petroleum products under GST regime; and
- (f) if so, the time by which the final decision is likely to be taken in this regard and if not, the reasons therefor?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री
(श्री सुरेश गोपी)

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI SURESH GOPI)

(a) to (d): Prices of petrol and diesel are market determined and Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel.

India imports more than 85% of its crude oil requirements. Crude oil prices (Indian basket) increased from \$59.35/bbl (August 2019) to \$112.87/bbl (March 2022) and further to \$116.01/bbl (June 2022) and have continued to remain highly volatile during current year. In current year, it fluctuated from \$84.49/bbl in March 2024 to \$89.46/bbl in April 2024 and to \$85.89/bbl in July 2024 (upto 19.07.2024).

Government of India also took several other steps to insulate common citizens from high international prices, which included diversifying the crude import basket, windfall taxes on

export of petroleum products, invoking the provisions of Universal Service Obligation to ensure availability of petrol & diesel in domestic market, increasing the blending of ethanol in petrol, etc.

Central Government 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, which was fully passed on to consumers. Some State Governments also reduced state VAT rates to provide relief to citizens. In March, 2024, OMCs also reduced the retail prices of petrol and diesel by Rs. 2 per litre each and current RSP of petrol and diesel at Delhi is Rs. 94.72 and Rs. 87.62 per litre respectively

India imports more than 60% of its domestic LPG consumption. Prices of LPG in the country are linked to its price in the international market. Government continues to modulate the effective price to consumer for domestic LPG. 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 the international prices was not fully passed on to the customers.

Under PAHAL Scheme, the domestic LPG cylinders are sold at non-subsidised price and the applicable subsidy to the consumers is transferred directly into their bank accounts. Apart from the direct subsidy to consumers, the OMCs have also been compensated Rs 22,000 crore in FY 2022-23 by Government of India to cover the under-recoveries suffered by them in not passing on the high international LPG prices to the domestic LPG consumers.

Government reduced the retail selling price of domestic LPG for all consumers by Rs. 200 per 14.2 Kg LPG cylinder with effect from 30th August, 2023. Government further reduced the RSP of domestic LPG by Rs. 100 per 14.2 Kg cylinder w.e.f. 9th March, 2024. The current RSP of domestic LPG at Delhi is Rs. 803 per 14.2 Kg cylinder.

W.e.f. 21st May, 2022, Government has been providing a targeted subsidy of Rs. 200 per 14.2 Kg LPG cylinder for Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries for upto 12 refills a year. Moreover, w.e.f. 5th October, 2023, Government increased the targeted subsidy to Rs. 300 per 14.2 Kg LPG cylinder for all Pradhan Mantri Ujjwala Yojana (PMUY) beneficiaries. With a targeted subsidy of Rs. 300 per cylinder (and proportionately prorated for 5 Kg cylinder), effective cost for PMUY consumers is Rs. 503 per 14.2 Kg cylinder (at Delhi) currently.

Government is committed towards security, affordability and accessibility of energy for every citizen. To achieve these objectives Government is promoting usage of alternate fuels like CNG, LNG, Hydrogen, biofuels, electric vehicles, etc.

Government has notified the National Policy on Biofuels - 2018 which laid out indicative target of 20% blending of ethanol in petrol and 5% blending of biodiesel in diesel by 2030 in the country. Subsequently, Government has advanced the target of 20% blending of ethanol in petrol from 2030 to 2025-26. To promote the use of biofuels, various programmes such as Ethanol Blended Petrol (EBP) Programme, wherein Oil Marketing Companies (OMCs) sell petrol blended with ethanol, Biodiesel blending programme wherein biodiesel is blended with diesel, Sustainable Alternative towards Affordable Transportation (SATAT) initiative wherein Compressed Bio Gas (CBG) is marketed along with Compressed Natural Gas (CNG) have been taken up. For Biofuel production across the country including rural India, the Government has taken steps on pricing, incentives, opened alternate route for ethanol production, notified Pradhan Mantri JI-VAN Yojana for setting up second generation ethanol bio-refineries based on agri residues for ethanol production, SATAT initiative for production of CBG and bio-manure from various waste / biomass sources, notified interest subvention scheme for enhancement and expansion of ethanol distillation capacity etc.

The average Retail Selling Prices (RSP) of petrol, diesel and domestic LPG at Delhi since 2014-15 are given at Annexure.

(e) & (f): 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 High Speed Diesel, Motor Spirit (Petrol). 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 all the states are represented, has not made any recommendation for inclusion of these goods under GST.

X-X-X-X-X

Annexure referred to in reply to Lok Sabha Unstarred Question No. 1652 asked by Shri Arvind Ganpat Sawant, Shri Sanjay Haribhau Jadhav and Shri Shrirang Appa Chandu Barne to be answered on 01.08.2024 regarding “Cost of Petroleum Products”.

Average Retail Selling Prices (RSP) of petrol, diesel and domestic LPG at Delhi

FY	Average RSP of Petrol (Rs./Litre)	Average RSP of Diesel (Rs./Litre)	Average RSP of Domestic LPG (Rs./14.2 Kg cylinder)
2014-15	66.37	53.38	832.57
2015-16	61.59	47.01	586.09
2016-17	64.61	53.24	554.17
2017-18	69.20	58.78	657.41
2018-19	75.37	68.22	754.33
2019-20	72.69	65.78	688.03
2020-21	80.84	73.58	650.80
2021-22	98.05	87.42	866.85
2022-23	97.90	90.58	1,038.70
2023-24	96.63	89.53	979.23
2024-25 (Till 25.07.2024)	94.72	87.62	803.00*

Source: Petroleum Planning & Analysis Cell (PPAC)

*Subsidy of Rs. 300 per 14.2 Kg domestic LPG cylinder is given to PMUY beneficiaries, upto 12 cylinders per annum