

**LOK SABHA**  
**UNSTARRED QUESTION NO. 637**  
**TO BE ANSWERED ON 25 JULY, 2024**

**Deregulation of Petrol Prices**

637. SHRI GODAM NAGESH:

**पेट्रोलियम और प्राकृतिक गैस मंत्री**

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

- (a) whether the aim of deregulation of petrol prices was to link retail prices of the fuel with the market in the country and if so, the details thereof;
- (b) whether it is useful to the common man and if so, the details thereof;
- (c) the period of time taken to so adjust the prices during the last two years; and
- (d) whether the Brent crude price fell this year and if so, the corresponding reduction in retail prices according to the formula for the purpose and the actual reduction effected, respectively?

**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 have been market-determined with effect from 26.06.2010. Since then, Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol. Market determined pricing is meant to attract higher investments in the fuel retail sector, and by spurring market competition, encourage OMCs to reduce costs, improves efficiency and service standards. It also incentivises fuel conservation and encourages the consumers to adopt fuel efficiency practices. It further helps the Government in allocating more funds for social sector schemes for the common man.

India imports more than 85% of its crude oil requirements. The international prices of crude oil vary depending on various factors viz. demand-supply, geopolitical factors and other market conditions. Prices of crude oil relevant to India are monitored through Indian Basket of Crude oil. 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. 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). India has been the only major economy in the world where the prices of petrol and diesel have come down in recent years.

Changes in prices of petrol and diesel in some major economies between November 2021 and April 2024 are as under:

	%age Change in Prices between Nov-21 and April-24	
<b>Country</b>	<b>Petrol</b>	<b>Diesel</b>
India (Delhi)	-13.65	-10.97
France	22.19	20.17
Germany	15.28	16.47
Italy	14.82	17.38
Spain	16.58	18.14
UK	5.79	9.56
Canada	22.07	22.24
USA	19.08	20.25

Source: Petroleum Planning and Analysis Cell

Changes in prices of petrol and diesel in some neighbouring economies between November 2021 and April 2024

	%age Change in Prices between Nov-21 and April-24	
<b>Country</b>	<b>Petrol</b>	<b>Diesel</b>
India (Delhi)	-13.65	-10.97
Pakistan	44.98	43.65
Bangladesh	22.01	40.24
Sri Lanka	75.54	142.91
Nepal	31.08	35.70

Source: Petroleum Planning and Analysis Cell

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 on petrol 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 by Rs. 2 per litre. Current RSP of petrol at Delhi is Rs. 94.72 per litre.