

LOK SABHA
UNSTARRED QUESTION NO. 1816
TO BE ANSWERED ON 05 DECEMBER, 2024

Savings from Fluctuating Price of Crude Oil

1816 Shri Dharmendra Yadav:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether the benefits of price cut of crude oil accrued to the Oil Companies have not been passed on to the consumers by the Government despite significant downward fluctuations in crude oil prices during the last decade, if so, the reaction of the Government;
- (b) the schemes to which the savings from the decreasing crude oil prices are being diverted;
- (c) the steps taken by the Government to provide financial relief to the consumers during the said period; and
- (d) the exact mathematical formula for calculating the cost of petrol and diesel?

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 \$55/bbl (March 2015) to \$113/bbl (March 2022) and further to \$116/bbl (June 2022) and have continued to remain highly volatile.

Domestically, Petrol and Diesel prices have come down to Rs. 94.77 and Rs. 87.67 per litre respectively (Delhi prices) as a result of various steps taken by Government and PSU OMCs, including reduction of Central Excise duty by the Central Government 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, across the country.

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

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

Recently PSU OMCs have carried out intra-state freight rationalisation. This has benefitted consumers located at remote areas, far from Petroleum Oil & Lubricants (POL) Depots in form of reduced Petrol and Diesel prices in remote parts within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state.

India imports about 60% of the domestic LPG consumed. Price of LPG in the country is linked to its price in the international market. Government continues to modulate the effective price to consumer for domestic LPG. Average Saudi CP (international benchmark for LPG pricing) rose by 64% (from US\$ 385/MT in July 2023 to US\$ 632 /MT in November 2024) while on the other hand effective price for Pradhan Mantri Ujjawala Yojana (PMUY) consumers for domestic LPG reduced in India by 44% (from Rs. 903 in August 2023 to Rs. 503 in November 2024).

The retail selling price of a 14.2 Kg domestic LPG cylinder is currently Rs 803 in Delhi. After a targeted subsidy of Rs 300/cylinder to PMUY consumers, Government of India is providing 14.2 Kg LPG cylinders at an effective price of Rs.503 per cylinder (in Delhi). This is available to more than 10.33 crore Ujjwala beneficiaries, across the country. 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.

The revenue generated by taxation is used in various developmental schemes of the Government like Targeted subsidy to PMUY households, Food & Fertilizer subsidy and infrastructure building, Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Ujjawala Yojana (PMUY), Ayushman Bharat, Pradhan Mantri Garib Kalyan Yojana (PMGKY), Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), free vaccination for COVID – 19 etc. The cess is used for infrastructure development and also generates employment.

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