

LOK SABHA
UNSTARRED QUESTION NO. 5325
TO BE ANSWERED ON 03 APRIL, 2025

Price of Petroleum Products

5325. Dr. Ganapathy Rajkumar P:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether there is a huge difference between the procurement rate of crude oil and the selling price of petroleum products in the country;
- (b) if so, the reasons therefor;
- (c) whether the profit earned from petroleum products is being used for making payment against petroleum bonds issued during the UPA Government; and
- (d) if so, the amount settled so far on petroleum bonds and the existing burden of petroleum bonds?

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.

The prices of petroleum products in the country are linked to the price of respective products in the international market. 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 fluctuate due to various geopolitical and market factors.

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, Central Excise duty was reduced 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 reduced the retail prices of petrol and diesel by Rs. 2 per litre each.

PSU OMCs have recently carried out an intra-state freight rationalisation. This has benefitted consumers located at remote areas, far from Petroleum Oil & Lubricants (POL) Depots in the 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.

Government 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.

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 January 2025 are as under:

	% age Change in Prices between Nov-21 and Jan-25	
Country	Petrol	Diesel
India (Delhi)	-13.60%	-10.92%
France	14.21%	15.08%
Germany	7.87%	12.43%
Italy	8.65%	11.39%
Spain	8.67%	12.93%
UK	0.08%	2.61%
Canada	10.52%	23.05%
USA	4.83%	12.86%

Source: Petroleum Planning and Analysis Cell (PPAC)

Changes in prices of petrol and diesel in some neighboring economies between November 2021 and January 2025

	% age Change in Prices between Nov-21 and Jan-25	
Country	Petrol	Diesel
India (Delhi)	-13.60%	-10.92%
Pakistan	29.76%	34.97%
Bangladesh	13.94%	30.82%
Sri Lanka	53.98%	101.59%
Nepal	22.02%	31.32%

Source: Petroleum Planning and Analysis Cell (PPAC)

India imports about 60% of the domestic LPG consumed. Price of LPG in the country is linked to its price in the international market. While the average Saudi CP (international benchmark for LPG pricing) rose by 63% (from US\$ 385/MT in July 2023 to US\$ 629/MT in February 2025), the effective price for Pradhan Mantri Ujjwala Yojana (PMUY) consumers for domestic LPG was reduced by 44% (from Rs. 903 in August 2023 to Rs. 503 in February 2025).

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.

Globally, PMUY is the biggest program of its kind that provides Domestic LPG to more than 10 crore poor households at an effective price of just about Rs. 35/Kg. Further, the effective price of domestic LPG cylinder in neighbouring countries as on 01.01.2025 is as below:

Country	Domestic LPG (Rs./14.2 kg.cyl.)
India	503.00*
Pakistan	1094.83
Sri Lanka	1231.53
Nepal	1206.65

Source: Petroleum Planning and Analysis Cell (PPAC)

*Effective cost to PMUY beneficiaries in Delhi, effective price is Rs. 803 for non-PMUY consumers

The revenue generated by taxation is used in various infrastructural projects and developmental schemes of the Government like Targeted subsidy to PMUY households, Pradhan Mantri Gram Sadak Yojana (PMGSY), Pradhan Mantri Ujjwala Yojana (PMUY), Ayushman Bharat, Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), free vaccination for COVID – 19 etc.

Oil bonds were issued by the Government during the period 2005-06 to 2009-10. As informed by the Ministry of Finance, the amount settled till 26.03.2025 on petroleum bonds is Rs. 131550.01 crore and the existing burden of petroleum bonds is Rs.38969.92 crore.
