

LOK SABHA
UNSTARRED QUESTION NO. 4638
TO BE ANSWERED ON 21 AUGUST, 2025

Losses to OMCs

4638. SHRI SELVAGANAPATHI T.M.:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether it is a fact that the Public Sector Oil Marketing Companies have suffered a net loss of Rs. 43,000 crore on the gas front;
- (b) if so, the details thereof;
- (c) whether it is also a fact that the increase in the excise duty was raised to compensate for the losses suffered by these companies and if so, the details thereof;
- (d) whether an increase in the excise duty on petrol, diesel and LPG would have no impact on retail prices; and
- (e) if so, the details thereof?

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 (e): 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 51% (from US\$ 385/MT in July 2023 to US\$ 582/MT in June 2025), the effective price for Pradhan Mantri Ujjwala Yojana (PMUY) consumers for domestic LPG was reduced by 38% (from Rs. 903 in August 2023 to Rs. 553 in July 2025).

During the period 2020-21 to 2022-23, Saudi CP (international benchmark for LPG pricing) went up from \$415 per MT to \$712 per MT. However, the increase in international prices was not fully passed on retail prices, due to which the Oil Marketing Companies (OMCs) suffered significant losses. To compensate the OMCs for these losses, Government paid a one-time compensation of Rs. 22,000 crore to OMCs in FY 2022-23.

The international prices of LPG again went up during 2024-25 and continue to remain high. However, to insulate consumers from fluctuations in international LPG prices, the increase in cost was not passed on to consumers of domestic LPG which led to significant losses for the three OMCs. Despite these losses, the Public Sector Oil Marketing Companies have ensured continuous supplies of domestic LPG in the country at affordable prices. To compensate the OMCs for these losses, Government has recently approved a compensation of Rs. 30,000 crore to the OMCs.

Petrol and Diesel prices have come down to Rs. 94.77 and Rs. 87.67 per litre respectively (1st August 2025, Delhi prices) from Rs. 110.04 and Rs. 98.42 per litre in November 2021 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. On the other hand, excise duty on Petrol and Diesel was increased by Rs. 2 per litre each in April 2025 but this increase was not passed on to consumers.
