

LOK SABHA
UNSTARRED QUESTION NO. 1733
TO BE ANSWERED ON 05 DECEMBER, 2024

Reduction in Petrol and Diesel Prices

1733 Adv K. Francis George:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the rationale provided by the Government for the reduction of Rs. 2 per litre in petrol and diesel prices, effective from 15th March 2024 and the objectives intended to be achieved through this decision;
- (b) whether the Government has assessed the economic impact of this reduction on consumer spending and vehicle operating costs, particularly considering its implications for around 58 lakh heavy goods vehicles, 6 crore cars and 27 crore two-wheelers in India and if so, the details thereof;
- (c) the specific measures taken by the Government to stabilize fuel prices amidst global market fluctuations and the outcomes achieved through these measures during the last two years and the current year; and
- (d) whether the Government is considering further reductions in the prices of petrol, diesel, or LPG to provide additional relief to consumers in light of ongoing inflationary pressures and 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 (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.

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 reduced the retail prices of petrol and diesel by Rs. 2 per litre each. This reduction has assisted citizens through higher disposable income, lower costs and increased consumer spending. No impact assessment study has so far been carried out by the Ministry in this regard.

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. A few State Governments are providing some additional subsidy on LPG refills and bear the additional cost from their respective budgets.

X-X-X-X-X