

LOK SABHA
UNSTARRED QUESTION NO. 3106
TO BE ANSWERED ON 18 DECEMBER, 2025

Impact of Long-Standing Stability in Petrol and Diesel Prices

†3106. SHRI TARIQ ANWAR:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the impact of maintaining long-term stability in petrol and diesel prices on the financial health of Public Sector Oil Marketing Companies (OMCs);
- (b) the steps being taken by the Government to meet the increasing demand for natural gas (CNG/PNG) and to reduce import dependence; and
- (c) the plan to attract private investment for the development of alternative energy sources such as green hydrogen?

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 (c): Pricing of petrol and diesel in the country is market-determined and OMCs take appropriate decision on pricing of petrol and diesel. However, the Government remains sensitive to the impact of global oil price fluctuations. Calibrated interventions have been undertaken - such as reductions in central excise duties. For instance, Government reduced the Central Excise duty 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. In April 2025, excise duty on Petrol and Diesel was increased by Rs. 2 per litre each but this was not passed on to consumers.

PSU OMCs 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.

Government is committed towards security, affordability and accessibility of energy for every citizen. To achieve these objectives Government is promoting usage of alternate fuels like CNG, LNG, Hydrogen, biofuels including ethanol, electric vehicles, etc.

Government notified the National Policy on Biofuels - 2018 which laid out indicative target of 20% blending of ethanol in petrol and 5% blending of biodiesel in diesel by 2030 in the country.

Subsequently, Government advanced the target of 20% blending of ethanol in petrol from 2030 to 2025-26. During the ongoing Ethanol Supply Year (ESY) 2024-25, Public Sector OMCs have achieved the average blending percentage of 19.24%. During the month of October, 2025, Ethanol blending of 19.97% has been achieved.

To promote the use of biofuels, various programmes such as Ethanol Blended Petrol (EBP) Programme, wherein Oil Marketing Companies (OMCs) sell petrol blended with ethanol, Biodiesel blending programme wherein biodiesel is blended with diesel, Sustainable Alternative towards Affordable Transportation (SATAT) initiative wherein Compressed Bio Gas (CBG) is marketed along with Compressed Natural Gas (CNG) have been taken up.

For Biofuel production across the country including rural India, the Government has taken steps on pricing, incentives, opened alternate route for ethanol production, notified Pradhan Mantri JI-VAN Yojana for setting up second generation ethanol bio-refineries based on agri residues for ethanol production, SATAT initiative for production of CBG and bio-manure from various waste / biomass sources, notified interest subvention scheme for enhancement and expansion of ethanol distillation capacity etc.

Government has been taking various steps to boost domestic oil and gas production which, inter-alia, include:

- i. Policy under PSC regime for early monetization of hydrocarbon discoveries, 2014.
- ii. Discovered Small Field Policy, 2015.
- iii. Hydrocarbon Exploration and Licensing Policy (HELP), 2016.
- iv. Policy for Extension of PSCs, 2016 and 2017.
- v. Policy for early monetization of Coal Bed Methane, 2017.
- vi. Setting up of National Data Repository, 2017.
- vii. Appraisal of Un-appraised areas in Sedimentary Basins under National Seismic Programme, 2017.
- viii. Policy framework for extension of PSCs for Discovered Fields and Exploration Blocks under Pre-New Exploration Licensing Policy (Pre-NELP), 2016 and 2017.
- ix. Policy to Promote and Incentivize Enhanced Recovery Methods for Oil and Gas, 2018.
- x. Policy Framework for exploration and exploitation of Unconventional Hydrocarbons under Existing Production Sharing Contracts (PSCs), Coal Bed Methane (CBM) Contracts and Nomination Fields, 2018.
- xi. Natural Gas Marketing Reforms, 2020.
- xii. Lower Royalty Rates, Zero Revenue Share (till Windfall Gain) and no drilling commitment in Phase-I in OALP Blocks under Category II and III basins to attract bidders.
- xiii. Release of about 1 Million Sq. Km. (SKM) 'No-Go' area in offshore which were blocked for exploration for decades.
- xiv. Government is also spending about Rs.7500 Cr. for acquisition of seismic data in onland and offshore areas and drilling of stratigraphic wells to make quality data of Indian Sedimentary Basins available to bidders. Government has approved acquisition of additional 2D Seismic data of 20,000 LKM in onland and 30,000 LKM in offshore beyond Exclusive Economic Zone (EEZ) of India.

National Green Hydrogen Mission (NGHM) has been launched by Ministry of New and Renewable Energy (MNRE), Government of India, with an objective to make India a global hub of production, usage and export of green hydrogen and its derivatives.

NGHM targets Green Hydrogen production capacity of 5 Million Metric Tonnes (MMT) per annum by 2030.

Strategic Interventions for Green Hydrogen Transition (SIGHT) is a key component of the Mission which provides financial incentives for production of green hydrogen and electrolyser manufacturing.