



TRENDS IN PETROL PRICES SINCE 21ST CENTURY IN INDIA

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ABSTRACT:

Petrol is one of the most widely-used sources of energy in the world today. Petrol is a natural substance which is either extracted straight from the earth or produced by refining substance. The energy produced by burning fuel has many applications, such as powering vehicles, ships, and airplanes as well as providing electricity for homes and buildings.

KEY WORDS: *Petrol , natural substance , extracted straight.*



INTRODUCTION

Because of its many uses, Petrol is a critical component of the global economy. Countries that are well endowed with petroleum deposits tend to be richer and more developed, whereas those countries that lack petroleum deposits are forced to import fuels at a steep price. Due to the incredibly high demand for fuel, there are many international corporations involved in the business of importing and exporting Petrol for use by vehicles, marine vessels, aircrafts, power plants, and more.

Petrol is such an important resource on which many sectors of the international economy rely, it is important to have standards in place regulating the quality of Petrol. The motivation behind these standards is to prevent Petrol that is unfit for use from being supplied to buyers. Using adulterated petrol can be problematic in that it may result in damage to the energy generator, produce insufficient amounts of energy, and cause a great deal of pollution to the environment. Thus, standards regulating Petrol quality are of great environmental and economic importance.

However there is a continuous increase in the prices of petrol since 21st century in India,

Causes For Rise In Petrol Prices:

Some of the factors pushing up prices of petrol in India are as follows:

1. Cost of crude oil:

Crude oil or unrefined oil is a commodity of the international market. The changes in the price of this commodity directly affect the price of petrol in our country. Whenever there is a change in the demand and supply of crude oil, the prices vary. In addition to that, international political relations and future reserves and supplies also have direct effects on the price of Petrol.

2. Price charged to dealers:

The crude oil is acquired and distributed by the Oil Marketing Companies (OMCs). The price charged by the OMCs to the dealers is an important deciding factor of the price of the fossil fuels. This price is also based on a number of factors which include the freight charges, the refining cost, and so on.

3. Commission for dealers:

The Oil Marketing Companies or OMCs pay a commission to the fuel dealers. The petrol pump owners have their earnings, cost, and profit covered in this commission. This is one of the components which makes up the price of the Petrol.

4. Central excise duty:

The central government levies the excise duty on petrol. It should be kept in mind that the central excise duty is a pre-defined amount of money and not a percentage. Thus, the duty does not fluctuate with the price of the Petrol. Over the past few years, the Government of India has increased the excise duty manifold. The current duty charged on petrol is Rs.32.98 per litre. This amount is constant irrespective of the rise or fall in the price of the crude oil.

5. Sales Tax or Value Added Tax (VAT):

This tax is imposed by the respective state governments. The VAT or sales tax is calculated after taking a few other factors into consideration such as the excise duty charged by the Centre, the commission of the dealers, and so on.

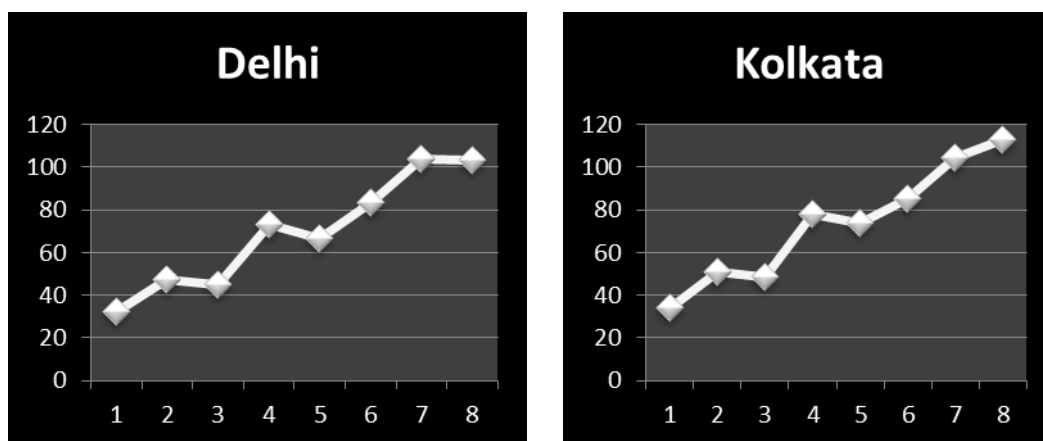
Table - 1

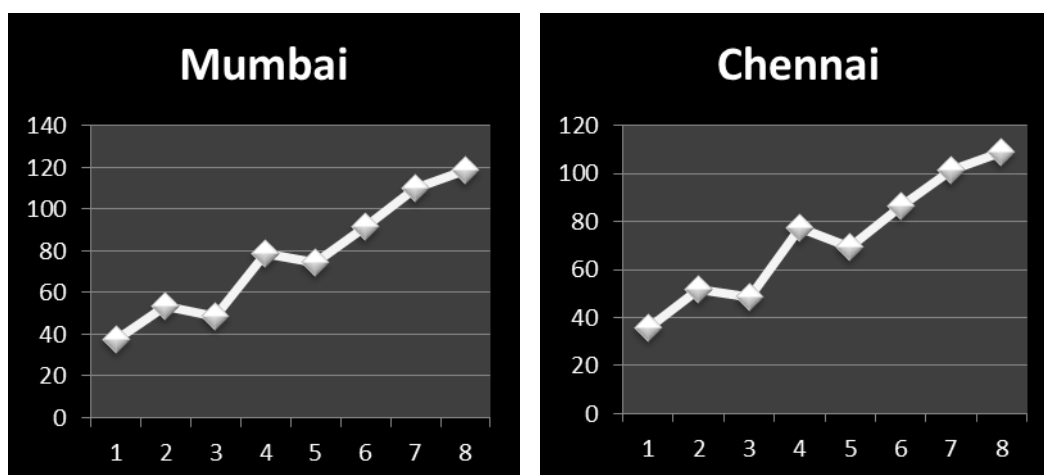
(In Rupees)

Year	2003	2006	2009	2012	2015	2018	2021	2022
Delhi	32.49	47.51	44.72	73.18	66.29	83.49	103.97	103.41
Kolkata	34	51.07	48.25	77.88	73.76	85.3	104.67	113.03
Mumbai	37.25	53.5	48.76	78.57	74.12	91.84	109.98	118.41
Chennai	35.48	51.83	48.58	77.53	69.45	86.5	101.4	108.96

Source:- <https://www.goodreturns.in/petrol-price.html>

Figure - 1





In the above figure the prices of petrol in Delhi, Kolkatta, Mumbai and Chennai has shown from 2003-2022. The table and figure indicates as follows:

1. The prices of petrol in Delhi are Minimum and in Mumbai are maximum.
2. There is decrease in prices of petrol of all four metropolitan cities in 2009 and 2015.
3. There is increase in prices of petrol of all four metropolitan cities except in 2009 and 2015.

IMPACT OF RISE OF PETROL PRICES ON COMMON MAN

There are many ways in which rising fuel prices can impact citizens in the country. The initial impact of the rise will be felt by people who own personal vehicles. the recent hike in prices have increased their monthly budget on fuel, and they are ready to cut their average monthly fuel consumption to avoid spending more.

The high rate of fuel prices will have an impact on the automotive sector — a large source of employment in the country — as vehicle sales may see a sharp drop.

Passenger vehicles and two-wheeler sales have already witnessed a dip . A further contraction in demand for vehicles will have a major impact on the automotive industry and the lakhs of MSMEs that supply goods to the sector.

Lower demand will, therefore, lead to widespread job losses in the auto and ancillary sectors.

The rising fuel prices in India will also have a cascading effect on businesses spread across various sectors, ultimately impacting citizens.

For starters, people who do not own a personal vehicle will be impacted as they will have to pay more towards availing public transport. The public transportation sector is already mulling a hike in rates in view of rising operational costs.

Companies engaged in the logistics and transportation of goods are also expected to increase their service rates soon due to the fuel price hike. Demand for increasing product delivery rates has already put consumer-oriented companies in a tough spot. Considering that most products and goods that people use on a daily basis are transported from different parts of the country, their costs are likely to rise further. Simply put, from the food you order to the vegetables and fruits you buy, everything is likely to get costlier.

In such a scenario, India's economy is expected to witness a delay in recovery as it will directly impact the consumption levels among citizens.

CONCLUSION:

After the analysis of the facts on causes and effects of higher petrol prices in India, it has been concluded that international crude oil prices has nothing to do with retail prices of petrol but the real culprit is taxation policy of both central and state government. Higher fuel prices are taking a toll on

consumer's pocket by reducing their savings and expenditure on other stuffs. The supply side factor also plays a significant role in rising fuel prices especially OPEC policy of production cut. If the rise in fuel prices is attributed to demand side factors then higher crude oil imports could be offset by higher oil and non-oil exports.

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