

# Pump fuel prices raised; inflation risks build up

₹3 hike in retail diesel, petrol prices; CNG costlier by ₹2

**SHUBHANGI MATHUR**

New Delhi, 15 May

Oil-marketing companies (OMCs) on Friday raised the retail prices of non-branded petrol and diesel by an average of ₹3 per litre, the first increase in four years, days after Prime Minister Narendra Modi called for restraint in fuel consumption amid the West Asia crisis and rising global petroleum prices. City gas distribution companies also raised compressed natural gas (CNG) prices by about ₹2 per kg.

The increase is expected to partially reduce under-recoveries for state-run fuel retailers, but it is also likely to push up retail inflation from May and trigger wider cost pass-through across the economy. Truck operators and logistics companies have already indicated freight rates could rise by 3-3.5 per cent.

Following the revision, non-branded petrol in Mumbai will cost ₹106.68 per litre, while diesel will be priced at ₹93.14 per litre. Turn to Page 9 ▶

PHOTO: PTI



**Non-branded petrol now costs ₹97.77 per litre in Delhi and ₹106.68 in Mumbai after prices were increased by ₹3 per litre — the first in over four years**

## Retail inflation

Q1FY27 RBI forecast 4%  
April inflation rate 3.5%

### Likely impact of hike on pump prices

SBI 15-20 bps

IDFC First 12 bps  
(only direct passthrough)

India Ratings 42 bps  
(including milk price hike)

Source: BS Research

# Fuel prices at pump rise; inflation risks build

Indraprastha Gas Ltd (IGL) raised CNG prices in Delhi to ₹79.09 per kg, while Mahanagar Gas increased prices in Mumbai to ₹84 per kg.

“The modest hike in retail prices of ₹3 per litre for petrol and diesel provides limited relief to OMCs,” said Prashant Vasisht, senior vice-president and co-group head, corporate ratings, ICRA Ltd.

“Icra estimates that at crude prices of \$105-110 per barrel, and considering the past 10-year average crack spreads for auto fuels, OMCs incur losses of about ₹500 crore per day on the sale of auto fuels and domestic LPG, even after factoring in the fuel price hike,” he added.

The government had signalled a possible fuel price increase over the past week as

state-run OMCs continued selling petrol and diesel at relatively lower retail prices despite procuring crude oil at sharply elevated rates. Fuel prices had remained largely unchanged even as crude traded above \$100 per barrel amid escalating tensions in West Asia. Union Oil Minister Hardeep Singh Puri had said on May 12 that OMCs were incurring losses of around ₹1,000 crore per day by selling petrol and diesel below market-linked levels. He added that under-recoveries in the first quarter of FY27 could rise to ₹2 trillion, while losses may touch ₹1 trillion.

The government had earlier reduced excise duty on petrol and diesel by ₹10 per litre in late March in a bid to provide relief to consumers