

Fuel prices raised for a 4th time; OMCs' daily losses fall to ₹600 cr

Rituraj Baruah

rituraj.baruah@livemint.com

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Daily losses of India's state-run oil marketing companies on the sale of petrol, diesel and liquefied petroleum gas (LPG) have narrowed to about ₹600 crore from nearly ₹1,000 crore before retail fuel prices were first raised on 15 May, a senior petroleum ministry official said on Monday.

The comments came on a day global crude prices eased on hopes of a US-Iran peace deal, and after Indian Oil Corp. Ltd, Bharat Petroleum Corp. Ltd and Hindustan Petroleum Corp. Ltd raised petrol and diesel prices for the fourth time in 11 days, taking cumulative increases to around ₹7.5 per litre.

With Monday's hike of ₹2.61 per litre, petrol prices crossed the ₹100-per-litre mark in the national capital to retail at ₹102.12 per litre in



Petrol prices have crossed the ₹100-per-litre mark in Delhi. **APF**

Delhi, according to data from Indian Oil Corp.

Defending the move to hike prices, Sujata Sharma, joint secretary, ministry of petroleum and natural gas, said in a media briefing that India's price increases have been much lower compared to other countries. Globally, petrol prices have increased 22% and high-speed diesel, 27%, compared to 7.7% and 8.6%, respectively, in India, she

said.

Sharma pointed out that crude, which was sold at \$60-70 per barrel before the crisis, has at times crossed \$120 per barrel. "If you look at Saudi Contract Price — at which we procure LPG—it has also almost doubled from \$385 to \$780 per tonne."

The price hikes come at a time when wholesale price inflation (WPI) hit a 42-month high of 8.3% in April, while retail inflation touched a 13-month high of 3.48%.

Sharma further noted that the government in March reduced excise duty on the sale of petrol and diesel by ₹10 per litre, taking a monthly hit of ₹14,000 crore to its exchequer.

As per a *PTI* report, Union finance minister Nirmala Sitharaman on Monday said the government is sacrificing ₹1 trillion of revenue by cut-

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ting excise duties on diesel and petrol.

"The West Asia crisis is not only a diplomatic or geopolitical issue. For businesses and common people, it can mean higher fuel cost, delayed cargo, costlier shipping, shortage of inputs, pressure on working capital and uncertainty in export orders," Sitharaman said while speaking at the 27th foundation day event of Sidbi.

On whether record profits posted by the OMCs in the previous fiscal could help shield consumers and absorb losses, Sharma said: "Whatever they earned in the last year, that will get wiped out in just one quarter at the current rate of losses. It is not that they are profiteering."

The three OMCs cumulatively recorded standalone profits of ₹77,280.65 crore in FY26, representing a 130% increase over the previous year.

Prashant Vasisht, senior vice president and co-group head, corporate ratings, Ica Ltd, said: "Despite the latest hike in retail prices of auto fuels, the under-recoveries of oil marketing companies remain stubbornly high due to increasing losses in domestic LPG sales, and high premium to the crude marker."

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Ica estimates that at crude prices of \$120-125 a barrel and considering past 10-year average crack spreads of auto fuels, oil marketing companies are incurring a loss of about ₹700-800 crore daily on the sale of auto fuels and domestic LPG, even after factoring in the fuel price hikes, Vasisht said.

Brent crude prices, however, fell below \$100 per barrel after about a month, amid hopes of a peace deal between Iran and the US, and an eventual easing of energy supply disruptions.

Around 6.15 PM India time, the July contract of Brent on the Intercontinental Exchange was trading at \$97.69, lower by 5.68%, while the July contract of West Texas Intermediate (WTI) on the NYMEX fell 5.6% to \$91.16

per barrel.

A prospective peace deal, if it results in the reopening of the Strait of Hormuz, could ease energy supplies from West Asia. However, recovery of damaged energy infrastructure in the region is expected to take time. The Strait of Hormuz remains a critical route for nearly 20% of global oil and gas trade.

A White House post quoting US President Donald Trump said on Sunday: "The negotiations are proceeding in an orderly and constructive manner, and I have informed my representatives not to rush into a deal in that time is on our side... Both sides must take their time and get it right. There can be no mistakes!"

Earlier, Trump had said an agreement had been largely negotiated, subject to finalization between the US, Iran and several other countries, including major partners in West Asia and Pakistan.