

Headroom to cut petrol, diesel prices by ₹2-3/litre, says ICRA

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A reduction in crude oil prices in recent weeks has improved margins on retail auto fuels, providing state-owned firms a headroom to cut petrol and diesel prices by ₹2-3 per litre, rating agency ICRA said on Thursday. The price of a basket of crude oil India imports averaged \$74 per barrel in September, down from about \$83-84 a barrel in March when petrol and diesel prices were last cut by ₹2 per litre.

IMPROVED MARGINS

In a note, ICRA said the marketing margins on retail sales of auto fuels for the Indian Oil Marketing Companies (OMCs) have improved in recent weeks with the reduction in crude prices.

Girishkumar Kadam, Senior Vice President and Group Head, Corporate Ratings, ICRA, said: "ICRA estimates



READY FOR A THAW. A fall in crude oil prices has rekindled hopes of a reduction in petrol and diesel rates that have been on a freeze for over two years now ANI

that the OMCs' net realisation was higher by ₹15 per litre for petrol and ₹12 a litre for diesel vis-à-vis international product prices in September 2024 (till September 17). The retail selling price of these fuels have been unchanged since March 2024 and there appears to be headroom for their downward revision by ₹2-3 per litre, if crude prices remain stable".

Crude prices have witnessed a sharp decline in the last few months, primarily due

to weak global economic growth and high US production and the OPEC+ has pushed the rollback of its production cuts by two months to combat the declining prices.

A decline in the price of crude oil — which is converted into fuels like petrol and diesel at refineries — had rekindled hopes for a reduction in petrol and diesel rates that have been on a freeze for over two years now barring a pre-election reduction in March.