

## **Fuel Prices Set New Record On Fall in Rupee, Surge in Global Crude Oil**

### **Our Bureau**

**New Delhi:** Petrol and diesel prices have set a new record, pushed by a combination of the dramatic fall in rupee and a sharp rise in crude oil, resurrecting the demand for lowering of duties on the fuel. Petrol reached a peak of ₹86.25 a litre in Mumbai and ₹78.84 in Delhi on Sunday. Diesel rose to its highest levels of ₹75.12 in Mumbai and ₹70.76 a litre in Delhi. Fuel prices vary from state to state due to local levies.

State oil companies barely import petrol or diesel for the local market but charge customers prices based on the international rates. They also factor in the exchange rate and taxes before determining the final price.

**Petrol prices hit peak of ₹78.84 a litre and diesel ₹70.76 in Delhi**

The exchange rate has fallen to a record ₹71 to a dollar, depreciating ₹2.5 in a month.

Crude oil has gained \$7 a barrel in a fortnight, driven by fears that the US sanctions on Iran will likely contract

supplies although the price rise has still been limited due to the hope the increased production by Saudi Arabia, Russia and the US will make up for much of the shortfall. A strong oil demand predicted for the rest of the year is expected to keep prices higher.

The appreciation of dollar against rupee has also pushed up rates for compressed natural gas (CNG) as well as piped natural gas (PNG) since the price of gas procured by city distributors is mostly dollar-denominated. Indra-prastha Gas raised the prices of CNG by 63 paise per kg and ₹1.11 per standard cubic meter in Delhi on Saturday. Local natural gas prices, due for revision at month-end, is also expected to rise by about 14%. This would further raise CNG and PNG rates.

Higher fuel prices stoke broader inflation in the economy, prompting the central bank to raise interest rates to fight inflation, and trigger public demand for tax cuts by the government, reducing resources for social spending.

Fuel prices have been setting new records every now and then in 2018 but the central government has refused to cut taxes to lower prices.