



India's refining surplus capacity ensures full domestic supply of Petrol and Diesel; Government calls for discipline in the use of retail fuel channels

PSU OMCs absorbing losses to protect retail consumers; States/UTs asked to take strict action against diversion of retail fuel supplies and unauthorised stocking

Posted On: 27 MAY 2026 8:14PM by PIB Delhi

The Government of India wishes to place on record, in unambiguous terms, that the country has more than adequate supplies of petrol and diesel to meet every domestic need, retail and industrial alike. India is the world's fourth largest refiner, with an installed capacity of 258.1 million tonnes per annum across 22 operational refineries. Domestic consumption was 243.2 million tonnes in FY 2025-26; petroleum product exports were 61.5 million tonnes in the same year, making India one of the largest exporters of refined products globally. There is no supply issue of any kind.

Union Minister of Petroleum and Natural Gas, Shri Hardeep Singh Puri, has been in continuous coordination with the Public Sector Oil Marketing Companies, State Governments and industry bodies to ensure uninterrupted supply of Petrol & Diesel to all. The Govt. is constantly reviewing the situation. Secretary (P&NG) reviewed the situation with the Chief Secretaries of the States/UTs, FICCI and CII today. The picture that emerges from the field is consistent. There is no scarcity of any petroleum product. There is, in pockets, a pattern of arbitrage that is creating the appearance of one.

The mechanism is straightforward. Under the direction of the Government, and as a deliberate act of consumer protection during the ongoing West Asia disruption, the Oil Marketing Companies have refrained from passing through the full international price into domestic retail sales. PSU OMCs are currently absorbing losses of around ₹550 crore per day on sale of Petrol, diesel and domestic LPG. This cushion is intended for the retail consumers: the households, the two-wheeler commuters, the farmers at the pump. It is not extended to industrial procurement, where pricing tracks international actuals as a matter of standing policy.

Industrial consumers who divert their purchases from the industrial channel to the retail pump capture this cushion at the cost of the ordinary citizen. They also concentrate demand at the pump in a way that produces local shortages where none would otherwise exist.

It has been observed that Private Oil Marketing Companies are experiencing a decline of approximately **38%** in HSD offtake during the current month, across both retail outlets and bulk customers due to higher rates fixed by them. This volume is shifting entirely to PSU oil marketing retail outlets. Coupled with this, PSU bulk customer volumes have also recorded a decline of approximately **29%**, which is also migrating to retail outlets.

The Government, taking a serious view of above, has asked the industry associations to make their members aware of both the principle and the consequence of violations.

The Government has requested States/UTs to form special squads and take strict action against malpractice of bulk consumers and hoarders taking supplies meant for retail consumers, black marketing, unauthorised stocking and diversion of petroleum products under relevant provisions of EC Act and Control orders issued thereunder.

The Government remains fully seized of the international situation. India's refining strength, the disciplined operation of the Public Sector OMCs and the active coordination across Centre, States and industry constitute the working architecture of energy security during this period. Citizens are requested to rely on official communication and to disregard rumours that mistake an arbitrage problem for a supply problem.

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(Release ID: 2266034) Visitor Counter : 1321

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