**EVEN AS PRICES OF CRUDE FALL, INDIAN GOVERNMENT IS NOT ABLE TO CONTROL FUEL PRICES FROM RISING – HERE’S WHY**

Fuel price decontrol:

The key beneficiary in the subversion of fuel price decontrol is the Indian government – the consumer, on the other hand? Not so much.

Crude prices have been following a slippery trend as prices have been falling steeply. According to fuel price decontrol, on paper, retail prices of petrol and diesel in India are linked to global crude prices. Since the price of crude is falling, end product prices must come down as well, and vice-versa; in theory, this sounds good. Is this happening in the country? No.

Automotive fuel prices were hiked for six days in a row, starting from June 8, 2020. Even after an 82-day hiatus, petrol prices are on a steady increase, despite crude prices falling steeply. This is in contrast to oil benchmarks heading for their first weekly declines, with Brent and US Crude Index dropping approximately ten percent.

Reasons behind the split in the graph:

In India, fuel price decontrol seems to be a one-way street – rising global prices deplete the wallets of every wage-worker in the country if they have to match the demand, but depleting prices on the other hand leads to the government levying a varying range of taxes to ensure that it rakes in extra revenue.

In reality, the consumer should have benefited from the lower fuel prices, but they are either short-changed for money, or are forced to pay the previously high price for the lower-priced fuel. When it comes to subverting price decontrol, the clear winner is the government. The consumer and fuel retailers are left behind to trail along, playing catch up with the petrol market.

The way decontrol should work: