

Slide in Crude Oil – Government & Companies to pass on benefit to consumers

India has largely benefitted from the slide in crude oil prices, enabling the country to cut its oil import bill by \$48.5 billion to \$64.22 billion in the current financial year, which is almost 43% less from \$112.75 billion in the previous fiscal.

Furthermore, the import of crude oil has also increased from 78.2% to 80.2%, indicating that falling prices have amplified consumption.

This scenario is also expected to improve crucial macroeconomic indicators such as current account and [fiscal deficit](#), warranting a profit of up to 80% to the Government. In addition it has boosted energy and consumer companies.

However, the benefits of the slide in oil prices have not been fully passed on to the consumers. It is suggested that a 50% cut in fuel rates should be immediately implemented so that consumers can also benefit from the current situation.

The same is true for airlines, with the drastic cuts in the price of aviation fuel, airlines should consider further reduction in cargo and passenger fares. Further, there is also need to reconsider the Airport surcharge for domestic and international passengers.

Considering that as and when there has been an increase in crude oil prices the fares are raised and consumers have without demur borne the price hikes, likewise the cost of fuel surcharges need to be reconsidered.