GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 3038
ANSWERED ON 29 MARCH 2022

IMPACT OF SURGE IN THE PRICE OF CRUDE OIL ON INDIAN ECONOMY

3038. Shri Neeraj Shekhar:

Will the Minister of ***Finance*** be pleased to state:

(a) whether Government has assessed the impact of unprecedented surge in the price of crude oil in the international market on Indian economy;
(b) if so, the details thereof;
(c) if not, the reasons therefor; and
(d) the details of steps Government has taken to tackle the rise in price of crude oil in the international market?

MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHURY)

(a) to (c) In April 2020, on account of subdued global demand because of COVID-19 induced restrictions, the price of Indian basket of crude oil dipped to $19.9/bbl. However, thereafter, the prices have been on an upward trend on account of lower than expected restorations of production by OPEC nations and increase in demand as the world economy recovers from disruption caused due to COVID-19 and its variants. Recently, the geopolitical tension between Russia and Ukraine has led to further increase in price of crude oil in the international market. Government of India is closely monitoring the global price movement and its impact on India's economy.

(d): In a bid to stabilise rising oil prices, the Government of India agreed in November 2021, to release 5 million barrels of Crude oil from its strategic petroleum reserves, in consultation and parallelly with other major global energy consumers including the United States and Japan. Government has also been taking up the issue bilaterally, with crude oil producing countries, with OPEC and with heads of other international fora to convey India's serious concerns over crude oil price volatility, and India's strong preference for responsible and reasonable pricing for consumer countries. In addition, Government has been focussing on augmenting domestic exploration and production of crude oil, improving the share of renewable sources in Indian energy basket, diversifying its crude basket by procuring crude from countries located at various geographical locations viz. Middle East, Africa, North America, South America etc. Further, to give a major thrust to Ethanol Blending Programme, Government of India through Oil Marketing Companies (OMCs) are establishing 2G Ethanol plants across the country, which can help reduce oil imports. In the current Ethanol Supply Year (ESY) (Dec-Nov) 2021-22, about 113 crore litres ethanol have been blended with petrol till 13.03.2022 thereby achieving 9.45% blending.

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