GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS
RAJYA SABHA
UNSTARRED QUESTION NO.- 776
ANSWERED ON-02/12/2024

RISING CRUDE OIL IMPORT DEPENDENCY

776 SHRI MALLIKARJUN KHARGE:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the reasons for the continued increase in country's crude oil import dependency, which has risen to 88.3 per cent in April-July 2024, despite the target to reduce it to 67 per cent by 2022;
(b) the steps Government is taking to boost domestic crude oil production and reduce dependency on imports;
(c) the manner in which Government plans to mitigate the economic risks associated with high import dependency, such as global oil price volatility and its impact on the trade deficit and inflation; and
(d) whether Government is considering to revise its targets or introducing new initiatives to achieve energy self-sufficiency?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SURESH GOPI)

(a) India's energy consumption is increasing continuously due to sustained economic growth over the last few years resulting in industrialisation, urbanisation, transportation needs, infrastructure development, rising income, improved standard of living, increased access to modern energy coupled with increase in private consumption and gross fixed capital formation, etc. resulting in increasing import of Crude Oil. To ensure uninterrupted supply of petroleum products in the country, Oil Public Sector Undertakings (OPSUs) import crude oil to bridge the supply demand gap in the domestic market. The rise in import dependency is primarily due to increase in quantity on account of demand growth, price increase in international market and exchange rate variations.

(b) to (d) The government has been taking various steps to boost domestic oil and gas production which, inter-alia, include:
i. Policy under PSC regime for early monetization of hydrocarbon discoveries, 2014.
ii. Discovered Small Field Policy, 2015.
iii. Hydrocarbon Exploration and Licensing Policy (HELP), 2016.
iv. Policy for Extension of PSCs, 2016 and 2017.
v. Policy for early monetization of Coal Bed Methane, 2017.
vi. Setting up of National Data Repository, 2017.
vii. Appraisal of Un-appraised areas in Sedimentary Basins under National Seismic Programme, 2017.
viii. Policy framework for extension of PSCs for Discovered Fields and Exploration Blocks under Pre-New Exploration Licensing Policy (Pre-NELP), 2016 and 2017.
ix. Policy to Promote and Incentivize Enhanced Recovery Methods for Oil and Gas, 2018.

x. Policy Framework for exploration and exploitation of Unconventional Hydrocarbons under Existing Production Sharing Contracts (PSCs), Coal Bed Methane (CBM) Contracts and Nomination Fields, 2018.
xi. Natural Gas Marketing Reforms, 2020.
xii. Lower Royalty Rates, Zero Revenue Share (till Windfall Gain) and no drilling commitment in Phase-I in OALP Blocks under Category II and III basins to attract bidders.
xiii. Release of about 1 Million Sq. Km. (SKM) ‘No-Go’ area in offshore which were blocked for exploration for decades.
xiv. Government is also spending about Rs.7500 Cr. for acquisition of seismic data in onland and offshore areas and drilling of stratigraphic wells to make quality data of Indian Sedimentary Basins available to bidders. Government has approved acquisition of additional 2D Seismic data of 20,000 LKM in onland and 30,000 LKM in offshore beyond Exclusive Economic Zone (EEZ) of India.

Government has been taking various steps to ensure fair and reasonable prices for consumers. Domestically, Petrol and Diesel prices have come down from Rs. 110.04 and Rs. 98.42 per litre in November 2021 to Rs. 94.77 and Rs. 87.67 per litre respectively (as on 18.11.2024, Delhi prices) as a result of reduction of Central Excise duty by Central Government by a total of Rs. 13/litre and Rs. 16/litre on petrol and diesel respectively in two tranches in November 2021 and May 2022, which was fully passed on to consumers. Some State Governments also reduced state VAT rates to provide relief to citizens. In March, 2024, OMCs also reduced the retail prices of petrol and diesel by Rs. 2 per litre each, across the country.

Government of India also took several other steps to insulate common citizens from high international prices, which included diversifying the crude import basket, windfall taxes on export of petroleum products, invoking the provisions of Universal Service Obligation to ensure availability of petrol & diesel in domestic market, increasing the blending of ethanol in petrol, etc. Recently public sector OMCs have carried out intra-state freight rationalisation. This has benefitted consumers located at remote areas, far from Petroleum Oil & Lubricants (POL) Depots in form of reduced Petrol and Diesel prices in remote parts within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state.

In addition, Government has adopted a multi-pronged strategy to reduce the import dependency on crude oil which, *inter alia*, include demand substitution by promoting usage of natural gas as fuel/feedstock across the country towards increasing the share of natural gas in economy and moving towards gas based economy, promotion of renewable and alternate fuels like ethanol, second generation ethanol, compressed bio gas and biodiesel, refinery process improvements, promoting energy efficiency and conservation, efforts for increasing production of oil and natural gas through various policies initiatives, etc. The Government has been promoting blending of ethanol in petrol under the Ethanol Blended Petrol (EBP) Programme. Blending of Petrol has reached approximately 14.6% during Ethanol Supply Year (ESY) 2023-24 and resulted in approximately forex savings of Rs. 1.09 Lakh Crores from ESY 2013-14 to ESY 2023-24. For promoting the use of Compressed Bio Gas (CBG) as automotive fuel, Sustainable Alternative Towards Affordable Transportation (SATAT) initiative has also been launched.

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