

LOK SABHA

UNSTARRED QUESTION NO.3199
TO BE ANSWERED ON 5TH DECEMBER, 2016
DOMESTIC DEMAND OF OIL

3199. SHRI ARVIND SAWANT:
SHRI DUSHYANT SINGH:
PROF. PREM SINGH CHANDUMAJRA:
SHRI KODIKUNNIL SURESH:
SHRI M.K. RAGHAVAN:
SHRI MALLIKARJUN KHARGE:
ADV. M. UDHAYAKUMAR:
SHRI C.S. PUTTA RAJU:
SHRI J.J.T. NATTERJEE:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the month-wise details of increase/ decrease in crude oil prices during the last three years and the current year and share of major exporting countries which exported oil to India along with quantum of amount saved/utilised due to fall in oil prices by the Government;
- (b) the rank of India in respect of total oil consumption and percentage of oil consumed by India against total world production of oil, country-wise;
- (c) whether the prices of LPG and other petroleum products are reduced in proportion to reduction in crude oil prices and if so, the details thereof along with steps taken to reduce the prices of petroleum products/cooking gas to protect the rural poor, product-wise; and
- (d) whether the Government has relaxed/ proposes to relax policy bottlenecks in certain areas of the oil industry and if so, the details thereof along with salient features and key provisions of domestic gas pricing formula announced by the Government?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्री (स्वतंत्र प्रभार)
(श्री धर्मेन्द्र प्रधान)

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)

(a): The monthly average prices of Indian basket crude oil during the last three years and the current year are given in **Annexure I**. The details of share of major exporting countries that exported oil to India are given in **Annexure II**. The details of value of import for the last three years are as under:

(in Million US \$)

	2013-14	2014-15	2015-16
Crude	142962	112744	63972
Products	12466	12138	9952
TOTAL IMPORTS	155427	124882	73924

(b): Total consumption of oil in India during last 3 Calendar years, as per BP Statistics , published in June 2016, along with percentage of oil consumed by India against total world's Oil consumption is given as follows :

	2013	2014	2015
Consumption of Oil (In Million metric tonnes)	175.3	180.8	195.5
%age of world's total Oil consumption	4.2%	4.2%	4.5%
Rank Of India in world's in consumption	4 th	4 th	3 rd

(c): Retail Selling Price of sensitive petroleum products in the country are linked to international products prices. The prices of Petrol and Diesel have been made market determined by the Government effective 26th June, 2010 and 19th October, 2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of Petrol and Diesel in line with their international prices and other market conditions. Further, Government continues to modulate the effective price to consumer for Subsidized Domestic LPG and Retail Selling Price (RSP) of PDS Kerosene. As per the Refinery Transfer Price (RTP) effective 1.11.2016, the Public Sector OMCs are providing subsidy of Rs. 12 per litre on sale of PDS Kerosene and Rs.98.86/cylinder (14.2 kg) on Subsidized Domestic LPG.

(d): Government has taken several steps for ensuring policy based administration and easing out contractual rigidities. The policy framework for Relaxations, Extension and clarification at the Development and Production stage under PSC regime for early Monetization of hydrocarbon Discoveries policy on Testing Requirements, Policy for Extension of PSCs have helped in easing out the rigidities and promoting a transparent and fair administration. These initiatives have taken many blocks forward and promoted E&P activities in the country.

Government of India has notified the New Domestic Natural Gas Pricing Guidelines, 2014 which provides for a formula for calculation of domestic natural gas price on six monthly basis. The pricing formula envisages weighted average of prices of major international hubs as detailed at **Annexure III**

The pricing formula can be taken as the economically appropriate estimate of arms length competitive price of domestic gas and aims at maintaining a fine balance between the requirements of producing and consuming sectors.

X-X-X-X-X

Annexure-I

Annexure referred to in reply to part (a) of the Lok Sabha Unstarred Question No. 3199 asked by Shri Arvind Sawant, Shri Dushyant Singh, Prof. Prem Singh Chandumajra, Shri Kodikunnil Suresh, Shri M.K. Raghavan, Shri Mallikarjun Kharge, Adv. M. Udhayakumar, Shri C.S. Putta Raju and Shri J.J.T. Natterjee to be answered on 5th December, 2016 regarding “Domestic Demand of Oil”.

Monthly average prices of Indian basket of crude oil

(\$/bbl)

	2013-14	2014-15	2015-16	Upto November, 2016
January	109.55	105.29	46.59	28.08
February	112.68	106.19	56.43	30.53
March	106.45	105.30	55.18	36.42
April	101.57	105.56	59.07	39.88
May	101.10	106.85	63.82	45.01
June	101.11	109.05	61.75	46.96
July	104.86	106.30	56.30	43.52
August	108.45	101.89	47.33	44.38
September	109.47	96.96	46.10	44.48
October	107.37	86.83	46.68	49.25
November	106.55	77.58	42.50	43.49
December	108.72	61.21	35.68	

*up to 15.11.2016

Note - The composition of Indian Basket of Crude represents Average of Oman & Dubai for sour grades and Brent (Dated) for sweet grade in the ratio of 71.03:28.97 during 2015-16, 72.28:27.72 during 2014-15, 72.04:27.96 for 2013-14 & 68.2:31.8 for 2012-13.

Annexure-II

Annexure referred to in reply to part (a) of the Lok Sabha Unstarred Question No. 3199 asked by Shri Arvind Sawant, Shri Dushyant Singh, Rof. Prem Singh Chandumajra, Shri Kodikunnil Suresh, Shri M.K. Raghavan, Shri Mallikarjun Kharge, Adv. M. Udhayakumar, Shri C.S. Putta Raju and Shri J.J.T. Natterjee to be answered on 5th December, 2016 regarding “Domestic Demand of Oil”.

Percentage share of imported crude oil: Region wise/country wise										
Region	Sl. no.	Country	(Million metric tonne)				Percentage Share			
			2013-14	2014-15	2015-16	2016-17 (Apr-Sep) (P)	2013-14	2014-15	2015-16	2016-17 (Apr-Sep) (P)
Middle East	1	Iran	11.0	11.0	12.7	12.1	5.8	5.8	6.3	11.3
	2	Iraq	24.6	24.5	36.8	19.6	13.0	12.9	18.1	18.3
	3	Kuwait	20.4	17.9	11.0	5.1	10.8	9.4	5.4	4.7
	4	Oman	2.1	0.8	0.6	0.4	1.1	0.4	0.3	0.4
	5	Qatar	5.1	4.5	4.0	3.0	2.7	2.4	2.0	2.8
	6	Saudi Arabia	38.2	35.0	40.4	20.4	20.2	18.5	19.9	19.1
	7	UAE	14.0	16.1	15.7	8.3	7.4	8.5	7.7	7.7
	8	Yemen	0.5	0.2	0.0	0.0	0.3	0.1	0.0	0.0
		Sub total	115.9	109.9	121.2	68.8	61.2	8.0	59.8	64.5
Africa	9	Algeria	0.5	0.4	0.5	0.9	0.3	0.2	0.3	0.9
	10	Angola	8.2	7.1	7.4	3.4	4.3	3.8	3.6	3.2
	11	Cameroon	0.7	1.3	1.4	0.7	0.4	0.7	0.7	0.7
	12	Chad	0.0	0.3	1.2	0.4	0.0	0.1	0.6	0.4
	13	Congo	0.0	0.6	0.4	0.1	0.0	0.3	0.2	0.1
	14	Egypt	2.6	2.5	2.7	1.5	1.4	1.3	1.3	1.4
	15	Equatorial Guinea	0.4	1.4	1.4	1.1	0.2	0.8	0.7	1.0
	16	Kenya	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	17	Gabon	0.8	0.7	0.1	0.1	0.4	0.4	0.0	0.1
	18	Ivory Coast	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1
	19	Libya	0.3	0.0	0.0	0.0	0.1	0.0	0.0	0.0
	20	Nigeria	16.4	17.8	23.4	8.5	8.6	9.4	11.5	8.0
	21	Sudan	0.6	0.9	0.2	0.0	0.3	0.5	0.1	0.0
	Sub total	30.4	33.0	38.8	16.9	16.1	7.4	19.2	15.9	
Asia	22	Brunei	1.1	1.3	1.3	0.8	0.6	0.7	0.6	0.7
	23	Malaysia	2.2	3.5	3.2	1.9	1.2	1.8	1.6	1.8
	24	Japan	0.1	0.0	0.3	0.0	0.1	0.0	0.2	0.0
	25	Cambodia	0.0	0.0	0.2	0.0	0.0	0.0	0.1	0.0
	26	Indonesia	0.0	0.0	0.1	0.4	0.0	0.0	0.0	0.3
	27	Pakistan	0.0	0.0	0.05	0.0	0.0	0.0	0.02	0.0
		Sub total	3.4	4.7	5.1	3.0	1.8	2.5	2.5	2.8
South America	28	Brazil	3.4	4.1	4.0	1.5	1.8	2.2	2.0	1.4
	29	Columbia	6.3	4.2	1.2	0.0	3.3	2.2	0.6	0.0

Annexure referred to in reply to part (d) of the Lok Sabha Unstarred Question No. 3199 asked by Shri Arvind Sawant, Shri Dushyant Singh, Shri Prem Singh Chandumajra, Shri Kodikunnil Suresh, Shri M.K. Raghavan, Shri Mallikarjun Kharge, Adv. M. Udhayakumar, Shri C.S. Putta Raju and Shri J.J.T. Natterjee to be answered on 5th December, 2016 regarding “Domestic Demand of Oil”.

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GOVERNMENT OF INDIA

MINISTRY OF PETROLEUM AND NATURAL GAS

New Delhi, Dated: 25th October, 2014

New Domestic Natural Gas Pricing Guidelines, 2014

No.22013/27/2012-ONG D.V.—In supersession of this Ministry’s Gazette notification no. 22011/3/2012-ONG.D.V dated 10.1.2014, the Government of India hereby notifies the New Domestic Natural Gas Pricing Guidelines, 2014, as hereunder:—

1. The wellhead gas price* (P), under these guidelines would be determined as per the formula given below:-

$$P = \frac{V_{HH} P_{HH} + V_{AC} P_{AC} + V_{NBP} P_{NBP} + V_R P_R}{V_{HH} + V_{AC} + V_{NBP} + V_R}$$

Where

- (i) V_{HH} = Total annual volume of natural gas consumed in USA & Mexico.
- (ii) V_{AC} = Total annual volume of natural gas consumed in Canada.
- (iii) V_{NBP} = Total annual volume of natural gas consumed in European Union (EU) and Former Soviet Union (FSU) countries, excluding Russia.
- (iv) V_R = Total annual volume of natural gas consumed in Russia.
- (v) P_{HH} and P_{NBP} are the annual average of daily prices at Henry Hub (HH) and National Balancing Point (NBP) respectively, less the transportation and treatment charges as given in para 2.

- (vi) P_{AC} and PR are the annual average of monthly prices at Alberta Hub and Russia (as published by Federal Tariff of the Russian Government or equivalent source) respectively, less the transportation and treatment charges as given in para 2.

(*Well head price refers to the price of gas receivable by the producer of gas at the contract area/lease area from the buyer of gas. In case of on-land blocks, the price receivable by the contractor (producer) in the contract area will be the well head price. In case of offshore blocks, if the gas is processed and sold in the offshore contract area, the price receivable at the offshore will be the well head price. If the gas is brought to landfall point for processing and is sold at landfall point, the facilities located in the landfall point will be considered part of the contract area and the price receivable at land fall point will be the well head price).

2. The wellhead price for three different hubs and Russia would be determined by deducting US \$ 0.50/MMBTU towards transportation and treatment charges from each of the three Hub prices and Russian price.

3. The gas price, determined, under these guidelines would be applicable to all gas produced from nomination fields given to ONGC and OIL India, New Exploration and Licensing Policy (NELP) blocks, such Pre-NELP blocks where, the Production Sharing Contract, (PSC) provides for Government approval of gas prices and Coal Bed Methane (CBM) blocks except as indicated in para 4 and 5 below.

4. The gas price, so determined under these guidelines shall not be applicable, where prices have been fixed contractually for a certain period of time, till the end of such period. This gas price shall also not be applicable where the PSC concerned provides for a specific formula for natural gas price indexation/fixation and to such Pre-NELP PSCs which do not provide for Government approval of formula/basis for gas prices. Further, the pricing of natural gas from small/isolated fields in the nomination blocks of NOCs will continue to be governed by the extant guidelines in respect of these fields issued on 8th July, 2013.

5. The matter relating to cost recovery on account of shortfall in envisaged production from D1, D3 discoveries of Block KG-DWN-98/3 is under arbitration. The difference between the price, determined under these guidelines converted to NCV basis and the present price (US \$ 4.2 per million BTU) would be credited to the gas pool account maintained by GAIL and whether the amount so collected is payable or not, to the contractors of this Blocks, would be dependent on the outcome of the award of pending arbitration and any attendant legal proceedings.

6. The periodicity of price determination/notification shall be half yearly. The price and volume data used for calculation of price under these guidelines shall be the trailing four quarter data with one quarter lag. The first price on the basis of aforementioned formula in these guidelines would be determined on the basis of price prevailing at Henry Hub, NBP, Alberta Canada and Russia, between 1st July,

2013 and 30th June, 2014. This price would come into effect from 1st November, 2014 and would remain valid till 31st March, 2015. Thereafter, it would be revised for the period 1st April, 2015 to 30th September, 2015 on the basis of said prices prevalent between 1st January, 2014 and 31st December, 2014, i.e., with the lag of a quarter and so on. The price determined under these guidelines would be announced in advance of the half year, for which it is applicable.

7. The price determined under these guidelines would be applied prospectively with effect from 1st November, 2014.

8. Director General of Petroleum Planning and Analysis Cell (DG PPAC) under the Ministry of Petroleum and Natural Gas shall notify the periodic revision of prices under these guidelines.

9. For all discoveries after the issuance of these guidelines, in Ultra Deep Water Areas, Deep Water Areas and High Pressure High Temperature (well head shut-in pressure > 690 bars, bottom hole temperature > 150 degree centigrade) areas, a premium would be given on the gas price determined as per the formula given in para 1. The premium under this para shall be determined as per prescribed procedure.

10. Price determined under these guidelines would be on GCV basis.

11. The price, determined under these guidelines would be in US \$ per MMBTU.

12. In the North Eastern Region (NER), the 40% subsidy would continue to be available for gas supplied by ONGC/OIL. However, as private operators are also likely to start production of gas in NER, and would be operating in the same market, this subsidy would also be available to them to incentivize exploration and production.

13. The price determined under these guidelines shall be applicable to all sectors uniformly.

Sd/-

(Upendra Prasad Singh)

Joint Secretary to the Government of India

