

LOK SABHA
UNSTARRED QUESTION NO.55
TO BE ANSWERED ON 14TH SEPTEMBER, 2020

Fall in Crude Oil Demand

55. SHRI D.K.SURESH:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) whether it is true that the Crude Oil has breached the \$0 mark, for the first time in history and if so, the details thereof;
- (b) whether the Government has studied the reasons behind this unprecedented fall in the oil demand and if so, the details thereof;
- (c) whether the Government has taken any measures to revive the growth by announcing any incentives to boost the economy and improve the demand of Oil;
- (d) if so, the response of the Government in this regard?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्री
(श्री धर्मेन्द्र प्रधान)

MINISTER OF PETROLEUM AND NATURAL GAS
(SHRI DHARMENDRA PRADHAN)

- (a) On 20th April 2020, West Texas Intermediate (WTI) crude futures on New York Mercantile Exchange dived into negative territory for the first time ever. WTI May 2020 futures contract which was due to expire on that day, ended at a negative \$37.63 a barrel.
- (b) When a oil contract expire in New York Mercantile Exchange (NYMEX), the buyer of the future contract has to take possession of 1,000 barrels of oil for every contract they own, delivered to Cushing. However, there was a fall in oil products demand due to COVID-19, which led to filling up of oil storage at all places. Due to lack of storage at Cushing, the buyers wanted to sell out of those positions. However, there were not many buyers as storage was very limited and it led to people selling it off even at negative prices. However, this negative price was applicable only for one day and next day June WTI contract, was trading around \$ 20 a barrel.
- (c) & (d) The Central Government has announced various measures to boost the economy and improve the demand of Oil including the Atma Nirbhar Bharat Abhiyaan Phase I-V.