LOK SABHA
UNSTARRED QUESTION NO. 2903
TO BE ANSWERED ON 12 DECEMBER, 2024

India's Import plans for Brent Crude Oil

2903 THIRU D M KATHIR ANAND:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

(a) whether it is a fact that the Energy Information Administration's (EIA) and Commodities Research forecasts Brent could average $80/bbl in the fourth quarter of 2024 and $75/bbl in 2025, declining to the low $60s by end-2025;

(b) if so, the details thereof along with India's import plans for Brent crude oil and West Texas Intermediate (WTI) sources in the upcoming year;

(c) whether the Government has taken/proposed to take any sincere efforts to bring down the prices of Petrol/ Diesel/ LPG/CNG/ LNG in the country and if so, the details thereof; and

(d) whether any innovative measures being adopted by the Government to reduce the heavy burden arising out of its huge oil imports obligations and if so, the details thereof?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्य मंत्री
(श्री सुरेश गोपी)

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

(a) & (b): The price of crude oil in international markets is based on the demand supply scenario, geopolitical issues and various other market conditions. It is difficult to make accurate predictions about crude oil prices, specially amid ongoing volatility. India is majorly dependent on crude oil imports to meet its domestic requirements. Public Sector Oil Companies finalize their crude oil requirements annually based on techno-economic analysis of the petroleum products' demand and evaluation of various crude oil supply sources through annual term contracts as well as short term spot contracts. During this procurement of crude oil through Term and Spot contracts by the OMCs and standalone refineries, various compatible grades of crude oil available in the international market (including crude oils benchmarked to Brent/WTI) are contracted out.

(c): **Petrol & Diesel:**

Retail prices of petrol and diesel in the domestic market are market-determined and Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel.

Domestically, Petrol and Diesel prices have come down to Rs. 94.77 and Rs. 87.67 per litre respectively (Delhi prices) as a result of various steps taken by Government and PSU OMCs, including reduction of Central Excise duty by the 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, 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 PSU 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.

LPG:

India imports about 60% of the domestic LPG consumed. Price of LPG in the country is linked to its price in the international market. Government continues to modulate the effective price to consumer for domestic LPG. While the average Saudi CP (international benchmark for LPG pricing) rose by 64% (from US$ 385/MT in July 2023 to US$ 632 /MT in November 2024), the effective price for Pradhan Mantri Ujjawala Yojana (PMUY) consumers for domestic LPG was reduced by 44% (from Rs. 903 in August 2023 to Rs. 503 in November 2024).

The retail selling price of a 14.2 Kg domestic LPG cylinder is currently Rs 803 in Delhi. After a targeted subsidy of Rs 300/cylinder to PMUY consumers, Government of India is providing 14.2 Kg LPG cylinders at an effective price of Rs.503 per cylinder (in Delhi). This is available to more than 10.33 crore Ujjwala beneficiaries, across the country. Apart from the direct subsidy to consumers, the OMCs have also been compensated Rs 22,000 crore in FY 2022-23 by Government of India to cover the under-recoveries suffered by them in not passing on the high international LPG prices to the domestic LPG consumers.

Natural Gas:

The prices of Compressed Natural Gas (CNG) in any location is fixed by the authorised City Gas Distribution (CGD) entity after considering cost of gas procured, State taxes, tariff and other components.

LNG (Liquefied Natural Gas) is imported by various natural gas consumers, marketeers etc. on long term contracts and in spot markets. The prices of LNG are commercially agreed upon between buyer and seller in the international market. However, to reduce the impact of increase in international gas prices on CNG prices in India, Government has taken various steps, including, increasing domestic APM gas allocation to CNG (Transport) and PNG (Domestic) by about 250% of the allocation in 2013-14, diverting domestic gas from power and other non-priority sectors to meet the requirements for CNG (transport) and PNG (domestic) segments, declaring CNG(T)/PNG(D) segment as the first priority for allocation of domestic natural gas.

(d): Government has adopted a multi-pronged strategy to reduce the 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. For promoting the use of Compressed Bio Gas (CBG) as automotive fuel, Sustainable Alternative Towards Affordable Transportation (SATAT) initiative has also been launched.

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.

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