

LOK SABHA
UNSTARRED QUESTION NO-4567
TO BE ANSWERED ON 27thMARCH 2025

Rising Cost of Petroleum Imports

4567. Dr. D Ravi Kumar:

पेट्रोलियम और प्राकृतिक गैस मंत्री

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

- (a) the measures taken/being taken by the Government to manage the rising cost of petroleum imports and the manner in which global crude oil price fluctuations impacted India's energy security;
- (b) whether the Government has faced any recent challenges related to petroleum imports due to geopolitical factors or supply chain disruptions, if so, the details thereof along with the steps being taken to ensure stable and affordable imports;
- (c) whether the United States Government has imposed or threatened to impose any tariffs on India's petroleum imports and if so, the details along with the impact thereof on the country's energy sector; and
- (d) the strategies being adopted by the Government to reduce dependency on imported crude oil and strengthen domestic petroleum production and refining capacity?

ANSWER

पेट्रोलियम और प्राकृतिक गैस मंत्रालय में राज्यमंत्री
(श्री सुरेश गोपी)

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

(a) to (b) Various steps/measures have been taken by Government and Public Sector Undertaking (PSUs) Oil Marketing Companies (OMCs) to mitigate the burden on consumers of higher crude prices which, inter-alia, include:

i. 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 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.

ii. Insulating common citizens from high international prices by 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.

iii. Intra-state freight rationalisation by PSU OMCs which has benefitted consumers located at remote areas within the states. This initiative has also reduced the difference between the maximum and minimum retail prices of Petrol or Diesel within a state.

iv. Subsidized domestic LPG cylinder made available to more than 10.33 crore PM Ujjwala Yojana beneficiaries, across the country. A few State Governments are also providing some additional subsidy on LPG refills and bearing the additional cost from their respective budgets.

Government is closely monitoring global energy markets as well as potential energy supply disruptions as a fall-out of the evolving geopolitical situation. To ensure security of crude supplies and to mitigate the risk of dependence on crude oil from single region, Public Sector Undertakings (PSUs) have diversified their petroleum import basket and are procuring crude from countries located at various geographical locations.

(c) The United States of America (USA) is now India's 6th largest energy trade partner, including the 5th largest source of crude oil and the 2nd largest source of LNG imports. Bilateral hydrocarbons trade between India and the U.S. has been US\$ 13.7 billion in 2023-24.

During the visit of the Prime Minister of India to the U.S. in February 2025, in the India-U.S. Joint Statement, the leaders reaffirmed their commitment to increase energy trade, as part of efforts to ensure energy security, and to establish the United States as a leading supplier of crude oil and petroleum products and liquified natural gas to India. Both sides underscored the tremendous scope and opportunity to increase trade in the hydrocarbon sector including natural gas, ethane and petroleum products as part of efforts to ensure supply diversification and energy security.

Moreover, the India-U.S. Joint statement also announced plans to negotiate the first tranche of a mutually beneficial, multi-sector Bilateral Trade Agreement (BTA) by fall of 2025. To advance this innovative, wide-ranging BTA, the U.S. and India will take an integrated approach to strengthen and deepen bilateral trade across the goods and services sector, and will work towards increasing market access, reducing tariff and non-tariff barriers, and deepening supply chain integration.

(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. To meet the growing energy demand, India is strengthening its refining capacity to 309.5 MMTPA by 2030 to meet the domestic consumption.

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.
