

- i. Carving out more and more areas of exploration for offer under various rounds of New Exploration Licensing Policy (NELP) / Coal Bed Methane (CBM) Policy.
- ii. Quicker development of discovered oil and gas reserves for enabling commencement of production.
- iii. Use of stimulation techniques for increasing production from existing fields.
- iv. Application of Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR) techniques for increasing recovery from existing fields.
- v. Arresting decline from ageing fields.
- vi. Acquisition of exploration acreages and oil producing properties overseas to bring in equity oil.
- vii. Exploration of gas hydrates, by participating in the Gas Hydrates programme in cooperation with other countries.
- viii. Extracting gas from deep-seated and/or isolated coal deposit/lignite resources under the Underground Coal Gasification programme.
- ix. Substitution of oil in the transport sector through use of alternative fuels such as Bio-diesel, Ethanol-blended Petrol, etc.
- x. Diversification of the sources for procurement of crude oil. The Oil Marketing Companies (OMCs) are now importing crude oil from about 25 countries either on term contract or through spot purchase basis.
- xi. Construction of a Strategic Storage of crude oil of 5 MMT capacity at three locations viz. Visakhapatnam, Mangalore and Padur for meeting/unforeseen situations arising out of short term supply disruptions etc.

Fall in International Crude Prices

205. SHRI AMAR SINGH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether it is a fact that there had been steep fall in the international crude oil prices for the last more than 6 months;
- (b) if so, the details thereof since 1st September, 2008 till date;
- (c) the specific reasons for not reducing the prices of petrol, diesel and gas immediately after the fall of international crude prices; and
- (d) by when it is likely to be reduced and to what extent?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) International prices of crude oil and petroleum products have remained volatile in the recent past. The Indian Basket of crude oil, which averaged \$79.25 per barrel during 2007-08, had gone up to an unprecedented level of \$142.04 per barrel on 3rd July, 2008 before declining sharply due to fall in demand on account of economic recession in major oil consuming countries of the world. However, the benefit of softening of the international oil prices has been partly offset by the depreciation of the rupee since April' 08. The details of the average price of the Indian Basket of crude oil from September, 2008 to February, 2009 (up to 9th) are given below:-

Month	Indian Basket of Crude Oil (\$ per barrel)
September, 2008	96.81
October, 2008	69.12
November, 2008	50.91
December, 2008	40.61
January, 2009	43.99
February, 2009 (up to 9th)	44.27

(Note: The composition of Indian Basket of crude represents average of Oman and Dubai for Sour Grades and Brent (Dated) for Sweet Grade in the ratio of 62.3:37.7)

(c) and (d) As the retail selling prices of sensitive petroleum products were not revised in line with increase in the international oil prices, it resulted in huge under-recoveries to the Public Sector Oil Marketing Companies (OMCs). These under-recoveries adversely impacted the financial health of the OMCs.

However, with the decline in the international prices of crude oil and petroleum products, the Government has already reduced the retail selling prices of sensitive petroleum products on two occasions as indicated below at Delhi, with corresponding reductions in the rest of the country:

Effective from 6.12.2008 - Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre; and

Effective from 29.1.2009 - Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.

Profits accruing to OMCs

206. SHRI M.V. MYSURA REDDY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that even after reducing Rs.5 on petrol and Rs.2 on diesel in January, 2009, the Oil Marketing Companies (OMCs) were making profit of nearly Rs.5 on petrol and Rs. 1 on diesel;

(b) whether it is also a fact that in view of further reduction on price of crude oil in the international market, the above profits have been widened on petrol and diesel;

(c) if so, whether it is a fact that OMCs have been making profits on petrol and diesel even after reducing the price on petrol and diesel; and

(d) if so, how Government justifies in not bringing down the price of petrol and diesel?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) to (d) The position of over-recovery on Petrol and Diesel since 16th January, 2009 is given below:

	(Rs. per litre)	
With effect from *	Petrol	Diesel
16th to 28th January, 2009	8.18	3.13
After price reduction:		
1st to 15th February, 2009	1.3	2.66

(*Refinery Gate prices are fixed on fortnightly basis)

Hence, it may be seen that the over-recoveries have come down from Rs.8.18 per litre to Rs.