

enterprise, which has to decide on setting up a refinery based on techno-economic feasibility. The proposal for setting up a Refinery at Barmer is under the consideration of ONGC.

### **Oil supplies to Nepal**

1596. SHRI S.S. AHLUWALIA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether it is fact that petroleum products were being supplied by Indian Public Sector Oil Corporations to Nepal;
- (b) if so, the terms of the supplies;
- (c) whether the supplies were covered under any treaty between the two countries;
- (d) if so, the details thereof;
- (e) whether our oil corporations have unilaterally imposed cut in supply volumes;
- (f) if so, the reasons therefor; and
- (g) the steps being taken, if any, for restoration of normal oil supplies to Nepal and/or revision of the terms thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL) (a) and (b) Indian Oil Corporation (IOC) has been the supplier of petroleum products to Nepal Oil Corporation (NOC) under 5 year agreement specifying the various terms and conditions. The current agreement is valid from April, 2002 to March, 2007.

(c) and (d) The supplies to NOC commenced since 1974 was based on the discussions between the Foreign Secretary, Government of India and the Foreign Secretary of His Maj. Govt. of Nepal held on 15th February, 1974. The supply agreement outlines the following aspects with regard to supply of petroleum products:

- i. Operating principles ii.
- Supply arrangements iii.
- Pricing principles

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iv. Payment terms

v. Technical collaboration etc.

(e) and (f) NOC has been defaulting in the payments since April, 2005 and even after discussion held between IOC and NOC at the highest level, outstanding amount continued to mount. Hence, a cut of 20% was imposed in the supplies with effect from 27.10.2006.

(g) Restoration of full supplies was subsequently agreed subject to NOC making payment of atleast Rs. 15 crores over and above their offtake during the month. This agreement has been implemented since December 2006 as the payments received were higher than the products uplifted. Further, the supplies to NOC have been substantially enhanced during the month of February, 2007 after the restoration of free road movement to and from Nepal. Future supplies to NOC would depend on the timely payments for the supplies drawn.

#### **Models for oil reserves**

1597. SHRIMATI N.P. DURGA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether KPMG, a global consultancy firm submitted a report to his Ministry which recommended four options for oil reserves;

(b) if so, the details of the four models proposed by KPMG;

(c) the details of the various models adopted by USA, UK, Japan and other developed countries for their oil reserves;

(d) whether those models have been studied by the Ministry or the oil marketing companies; and

(e) if so, the outcome of such a study?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL) (a) to (e) M/s KPMG has recently conducted a study on various options for developing strategic petroleum reserve for India under public private partnership. The report has found that stock piling models for strategic storage are not typically based on commercial viability. The four public private partnership models suggested by KPMG are based on revenue generated by: