"The Oil Marketing Companies (OMCs) are currently sourcing their products from the refineries on import parity basis which then becomes their cost price. The difference between the cost price and the realized price represents the under-recoveries of the OMCs. The under-recoveries as computed above are different from the actual profit and loss of the oil companies as per their published results. The latter takes into account other income streams like dividend income, pipeline income, inventory changes, profits from freely priced products and refining margins in the case of integrated companies."

Currently, the OMCs pay Trade Parity Price (TPP) to refineries when they buy Diesel and Import Parity Price (IPP) to refineries for PDS Kerosene and Domestic LPG and incur freight, marketing cost and other expenses to market these products. Accordingly, they are supposed to get retail prices based on this actual cost. However, if the actual price realized by them is lower than the required price (TPP/TPP + freight and other costs and standard margin), the difference between these two elements is the under-recovery.

The under-recovery incurred by the OMCs are partially compensated by the Government & Public Sector Upstream Oil Companies and the remaining under-recovery is absorbed by the OMCs. The compensation so received along-with other income/expenditure forms part of final profit/loss reported by the OMCs.

Dependency on import of petro-products

†1689. SHRI RAM JETHMALANI: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the dependency of the country upon import has been increasing to fulfil the constantly increasing demand of petroleum products in the country;

(b) if so, the reaction of Government thereto;

(c) whether Government has planned to put an end to the dependency on import; and

(d) if so, the details of the planning and the target by when the country would be made self-reliant?

†Original notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRIMATI PANABAKA LAKSHMI): (a) and (b) In view of the demand of petroleum products growing @ around 5%, the country's dependency on imported crude has increased to the level of 75.8% in 2011-12.

(c) and (d) Several measures have been taken by the Government/Oil Public Sector Undertakings to accelerate the production of crude oil and enhance energy security for the country, which *inter-alia* includes the following:

(i) Carving out more and more areas for exploration for offer under various rounds of New Exploration Licensing Policy (NELP)/Open Area Licensing Policy (OALP).

(ii) Implementation of New Technologies such as horizontal well drilling *etc.*

(iii) Application of Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR) techniques for increasing recovery factor from existing fields.

(iv) Exploring alternate energy sources such as Coal Bed Methane (CBM), Shale Gas/Oil and Gas Hydrate etc.

(v) Acquiring oil and gas assets abroad by oil PSUs.

(vi) Sourcing gas through trans-national Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline.

Outcome of NELP-IX

1690. DR. V. MAITREYAN: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the outcome of the ninth round bid of the New Exploration Licencing Policy (NELP - IX) launched on 15 October, 2010;

(b) the details of the Production Sharing Contracts (PSCs) awarded as on July, 2012;

(c) the percentage of expected oil production likely to be met from the oil blocks in the country including Tamil Nadu; and

(d) the total quantity of crude oil extracted from the wells in Tamil Nadu during the last three years and the cost involved therein?