

Purchase of crude oil from international market

1247. SHRI RAJEEV SATAV: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government has purchased huge quantities of crude oil when the prices of crude oil plunged in the world market and if so, the quantum of foreign exchange saved;

(b) whether Government will consider in reducing the prices of petrol and diesel as a result of prices coming down in international market;

(c) if so, the details thereof and the reasons therefor;

(d) whether constant increase of petroleum products in the country has cascading effects on the overall prices on essential commodities; and

(e) if so, the details thereof and the steps taken by Government in this regard?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI DHARMENDRA PRADHAN): (a) Taking advantage of the low crude oil prices in international market, India purchased 16.71 million barrels (mdbl) of crude in April - May, 2020 and filled all the three Strategic Petroleum Reserves created at Vishakhapatnam, Mangalore and Padur. The average cost of procurement of crude oil was US \$ 19 per bbl as compared to US \$ 60 per bbl prevailing during January 2020, thus resulting in saving of US \$ 685.11 million, which amounts to ₹ 5069 crores (at 1 US \$ = ₹74).

(b) and (c) Prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with international product prices and other market conditions. Oil Marketing Companies take a decision on retail selling price after considering various aspects including international product prices, exchange rate, tax structure, inland freight and other cost elements.

(d) and (e) Petrol and Diesel prices are market-determined and increase or decrease according to market trends. The weightage of petrol and diesel in the Wholesale Price Index (WPI) is 1.60% and 3.10% respectively.