

GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS

RAJYA SABHA
UNSTARRED QUESTION NO. 1733
TO BE ANSWERED ON 13th December, 2021

Release of strategic oil reserve and its impact on price

1733. SHRI SUSHIL KUMAR MODI :

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

- (a) whether Government is releasing strategic petroleum reserves to tame crude oil prices and the expected price fall which can be achieved;
- (b) whether Government will realize cost savings by releasing previously stocked reserves to increase supply, rather than importing now at high prices and the details thereof ;
- (c) the current number of days of oil demand held as reserves in private and Government sector;
- (d) whether this release from strategic reserves will impact energy security of India, and the details thereof ; and
- (e) how and when Government plans to refill the shortfall in strategic reserves after this release ?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS
(SHRI RAMESWAR TELI)

(a)&(b): Yes, Sir. Government of India has agreed to release 5 million barrels of crude oil from its Strategic Petroleum Reserves, in consultation and parallelly with other major global energy consumers.

India strongly believes that the pricing of liquid hydrocarbons should be reasonable, responsible and be determined by market forces. India has repeatedly expressed concern at supply of oil being artificially adjusted below demand levels by oil producing countries, leading to rising prices and negative attendant consequences.

(c): As per the consumption pattern of 2019-20, the total capacity in the established Strategic Petroleum Reserves (SPR) facilities with total capacity of 5.33 Million Metric Tonnes (MMT) is estimated to provide for about 9.5 days of crude oil requirement. Oil Marketing Companies (OMCs) currently have stock for 64.5 days. Hence, total capacity storage of petroleum products is 74 days.

(d)&(e): Government of India has been taking all ameliorating measures to safeguard the energy security of the country by ensuring energy justice for all citizens. It has been consistently reviewing the high petroleum/diesel prices domestically. With a view to controlling inflationary pressures, Government of India had reduced the 'central excise duty' on petrol and diesel by Rs. 5/litre and Rs. 10/litre respectively on 3 November 2021. It was followed by reduction in VAT on fuel by many State Governments.

Refilling of Strategic Petroleum Reserves is undertaken keeping in mind a host of factors, including the grade of crude and international market conditions.
