

**GOVERNMENT OF INDIA
MINISTRY OF PETROLEUM AND NATURAL GAS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 2060
TO BE ANSWERED ON 21TH MARCH, 2022**

Crude oil price

2060 Shri Rajmani Patel:

Will the Minister of *Petroleum and Natural Gas* be pleased to state:

- (a) the steps taken by Government to combat the rising price of crude oil and its effect on the economy; and
- (b) the reasons as to why Government has chosen not to reduce or entirely remove the 20 per cent ad valorem oil industry development cess, despite repeated pleas to do so by the industry, as it prevents them from being competitive with global producers?

ANSWER

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

(a): In a bid to stabilise rising oil prices, the Government of India agreed in November 2021, to release 5 million barrels of Crude oil from its strategic petroleum reserves, in consultation and parallelly with other major global energy consumers including the United States and Japan. Government has also been taking up the issue bilaterally, with crude oil producing countries, with OPEC and with heads of other international fora to convey India's serious concerns over crude oil price volatility, and India's strong preference for responsible and reasonable pricing for consumer countries.

Government of India is ready to take all appropriate actions, as deemed fit, for mitigating market volatility and calming the rise in crude oil prices.

The Government has taken several steps to control the impact of rising crude prices including augmenting domestic exploration and production of crude oil, ethanol blending program, improving the share of renewable sources in Indian energy basket etc.

(b): Oil Industry Development (OID) Cess was reduced from a specific rate of Rs. 4,500 per tonne to an ad valorem rate of 20% on domestically produced crude oil with effect from 01.03.2016, based on the representations received from trade and industry. OID cess is inter-alia used for the purpose of rendering financial and other assistance for the development of Oil exploration infrastructure.

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