

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:595
ANSWERED ON:28.02.2000
DEFICIT OF OIL POOL ACCOUNT
SANJAY PASWAN

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

- (a) whether the attention of the Government has been drawn to the news-item captioned 'How to lower oil prices' appeared in 'Economic Times' dated January 28, 2000;
- (b)
- (b) if so, whether the India's import bill has more than double this year in comparison to last year;
- (c) if so, the details of deficit of the oil pool account at present;
- (d) whether the Government propose to cut the import duties to control the high fiscal deficits and low revenue growth or deregulate the oil industry, review the administered policy mechanism as well as the entry restrictions on marketing;
- (e) if so, the details in this regard; and
- (c) if not, the steps taken by the Government in this direction?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI SANTOSH KUMAR GANGWAR)

(a): Yes, Sir.

(b): The total value of imports of crude & petroleum products in the public sector have gone up to US \$ 7568.09 million during April'99 to January'2000 as against US \$

- 2 - 4773.16 million during the corresponding period in the preceding year.

(c): The oil pool account deficit is estimated to be around Rs.6000 crores as on 31.3.2000.

(d) to (f): The process of review of the policies and programmes of the Government is a continuous one. In pursuance of the decision taken by the Government in November, 1997 for phased dismantling of the administered pricing mechanism, the following measures, inter-alia, have been taken :-

(i) Customs duty on crude oil has been reduced to 22 percent in the union budget 1998-99 and to 20% in the budget 1999-2000.

(ii) Private and Joint Sector Refineries have been permitted to import crude oil freely without import licence for actual use in their own refineries.

(iii) Cost plus formula for shipment of crude oil has been withdrawn.

(iv) The system of retention pricing for all the refineries has been abolished and refinery gate prices of controlled petroleum products i.e. HSD, motor spirit, superior kerosene oil (PDS), aviation turbine fuel and LPG (Domestic) are being fixed on principle of import parity. The prices of other petroleum products have been decontrolled.

(v) Indigenous crude oil producers, namely, ONGC/OILare being paid 77.5% weighted average FOB price of actual import with as minimum floor benchmark price of Rs.1991/MT.