

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

UNSTARRED QUESTION NO:2318
ANSWERED ON:08.12.2005
SELLING OF CRUDE OIL TO REFINERIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether ONGC sells extracted crude oil to the refineries;
- (b) if so, the quantum and price of crude oil sold during each of the last three years;
- (c) the rate at which refineries sell the oil after making it refined; and
- (d) the reaction of the Government to the difference between consumer price and the refinery price of petroleum products?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b) : The quantity of crude oil sold by ONGC to the refineries, and the average price realized, during the last three years are as under :

Year Quantity sold#(in MMT) Average Price\$ (Rs./MT)

2002-03	22.36	10382.86
2003-04	22.26	9347.82
2004-05	22.46	13309.12

Does not include ONGC's share in JV quantities

\$ Prices are inclusive of levies. Average price from 2003-04 onwards is net of discount on account of subsidy. The prices are of ONGC crude only excluding ONGC's share in JVs.

(c) & (d): Oil Marketing Companies (OMCs) pay to refineries, on an import parity basis, the prices of sensitive petroleum products, namely, petrol, diesel, domestic LPG and PDS kerosene, taking into account the prevalent international prices of these products. With effect from April 2005, the refineries have been providing discounts to OMCs on domestic LPG and PDS Kerosene and from September 2005, on petrol and diesel also. It may also be noted that nearly a quarter of India's LPG requirements are met by imports. Yet, notwithstanding the steep rise in international prices of sensitive petroleum products, OMCs have been modulating the price increase in petrol & diesel besides maintaining the prices of subsidized products like domestic LPG & PDS Kerosene, in consultation with the Government.

In order to formulate a long-term pricing policy for petroleum products, the Government have constituted an inter-ministerial Committee under the Chairmanship of Dr. C. Rangarajan, Chairman, Economic Advisory Council to the Prime Minister.

The Committee is mandated to look into various aspects of pricing and taxation of petroleum products with a view to stabilizing/rationalizing their prices, keeping in view the financial position of the oil companies, the investment needed in the sector, the need to conserve petroleum products, and establishing a transparent mechanism for the autonomous adjustment of prices by the oil companies. Taking into consideration the interests of all stakeholders concerned, the Committee will suggest a comprehensive mechanism for pricing and taxation of sensitive petroleum products, and other allied issues.