

**LOK SABHA**  
**STARRED QUESTION NO. 109**  
**TO BE ANSWERED ON 09 FEBRUARY, 2023**

**Brent Crude Oil Price**

\*109. SHRI D.M. KATHIR ANAND:  
SHRI ANURAG SHARMA:

**पेट्रोलियम और प्राकृतिक गैस मंत्री**

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

- (a) whether it is a fact that the Energy Information Administration (EIA) forecasts that Brent crude oil prices will average \$95.33/b in 2023 and West Texas Intermediate (WTI) forecasts to average \$87.33/b in 2023 and if so, the details thereof and India's import plans for Brent crude oil and WTI sources;
- (b) whether the Government has made any efforts to bring down the prices of Petrol/Diesel/LPG/CNG/ LNG in the country and if so, the details thereof; and
- (c) the innovative measures to be adopted by the Government to reduce the heavy burden arising out of its huge import obligations?

**ANSWER**

**पेट्रोलियम और प्राकृतिक गैस मंत्री**  
(श्री हरदीप सिंह पुरी)

**MINISTER OF PETROLEUM AND NATURAL GAS**  
**(SHRIHARDEEP SINGH PURI)**

(a) to (c): A statement is laid on the Table of the House.

**Statement referred to in reply to parts (a) to (c) of Lok Sabha Starred Question No. 109 asked by Shri D.M. Khathir Anand and Shri Anurag Sharma to be answered on 9 February 2023 regarding “Brent Crude Oil Price”.**

(a) The price of crude oil in international markets is based on the demand supply scenario, geopolitical issues and various other market conditions. It is difficult to make accurate predictions about crude oil prices, specially amid ongoing volatility. India is majorly dependent on crude oil imports to meet its domestic requirements. Public Sector Oil Companies finalize their crude oil requirements annually based on techno-economic analysis of the petroleum products’ demand and evaluation of various crude oil supply sources through annual term contracts as well as short term spot contracts. During this procurement of crude oil through Term and Spot contracts by the OMCs and standalone refineries, various compatible grades of crude oil available in the international market (including crude oils benchmarked to Brent/WTI) are contracted out.

(b) Prices of petrol, diesel and LPG in the country are linked to the prices of respective products in the international market. Retail prices of petrol and diesel in the domestic market have been market-determined 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. However, to insulate the consumers from wild fluctuation in respective international product prices, public sector Oil Marketing Companies (OMCs) have not increased prices of petrol and diesel since 6<sup>th</sup> April 2022.

Due to high volatility and elevated prices of crude oil, most of the developed countries have been reeling under high Petrol and Diesel prices. For example, in the US the prices of Petrol and Diesel increased by about 6% and 42% respectively over the period December 2021 to December 2022, whereas prices in India ( Delhi) decreased by 7% in case of petrol and increased by only 3 % in case of diesel, during this period.

Central Government has reduced Central Excise duty by a total of Rs. 13/ litre and Rs. 16/ litre on petrol and diesel respectively in two tranches in November 2021 and May 2022. The excise reduction of May 2022 was fully passed on to consumers and retail prices fell as a result. The measure was aimed to give a further fillip to the economy and to boost consumption and keep inflation low, thus helping the poor and middle classes. Subsequently, many States/UTs have also reduced VAT rates on petrol and diesel.

The average Saudi CP prices on which the domestic LPG prices are based, increased from US\$ 454/MT to US\$ 693/MT during 2019-20 to 2021-22. During 2022-23 the average Saudi CP has further risen to US\$ 710 /MT till February 2023. However, RSP of Domestic LPG Rs./14.2 Kg Cylinder (Delhi) at the end of FYs from 2019-20 to 2021-22 have been Rs 805.50/Cyl, Rs 819/Cyl, Rs 949.50/Cyl respectively and Rs 1053/Cyl as on 31.01.2023.

Government continues to modulate the effective price to consumer for domestic LPG. Public Sector Oil Marketing Companies have suffered huge losses on sale of domestic LPG. To compensate these losses, the Government has recently paid a one-time compensation of Rs. 22000 crore to OMCs.

The prices of Compressed Natural Gas (CNG) in any location is fixed by the authorised City Gas Distribution (CGD) entity after considering cost of gas procured, State taxes, tariff and other components.

LNG (Liquefied Natural Gas) is imported by various natural gas consumers, marketeers etc. on long term contracts and in spot markets. The prices of LNG are commercially agreed upon between buyer and seller in the international market. However, to reduce the impact of increase in international gas prices on CNG prices in India, Government has taken various steps, including, increasing domestic APM gas allocation to CNG(Transport) and PNG (Domestic) by about 250% of the allocation in 2013-14, diverting domestic gas from power and other non-priority sectors to meet the requirements for CNG (transport) and PNG (domestic) segments, declaring CNG(T)/PNG(D) segment as the first priority for allocation of domestic natural gas. While the gas prices in the international market (JKM) have increased by 327% between January 2021 and November 2022, in India, the CNG prices (Delhi) have increased by only 84% during the corresponding period.

(c) Government has adopted five-pronged strategy comprising increasing domestic production of oil and gas, promoting energy efficiency and conservation measures, giving thrust on demand substitution, promoting biofuels and other alternate fuels/ renewables, and refinery process improvements for reducing the country's oil dependency on imported crude oil.

Various steps have been taken by the Government to increase the production of domestic crude oil and bring down imports. These inter-alia include Discovered Small Field Policy, Reforms in Hydrocarbon Exploration and Licensing Policy for enhancing domestic exploration and production of Oil & Gas 2019, Natural Gas Marketing Reforms 2020, Policy to promote and incentivize enhanced recovery methods for Oil and Gas, Redevelopment of existing matured fields and development of new/marginal fields, Revival of Sick Wells, improving recovery factors through the implementation of Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) techniques, etc. Government has also provided functional freedom to national Oil Companies and promoted wider private sector participation by streamlining approval processes through electronic single window mechanism.

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