

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

UNSTARRED QUESTION NO:6613  
ANSWERED ON:09.05.2002  
ONGC NEGOTIATIONS WITH REFINERIES COMPANIES  
UMMAREDDY VENKATESWARLU

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

- (a) whether ONGC is holding negotiations with refinery companies including private sector companies to consider paying higher price for high quality crude;
- (b) if so, whether ONGC charges average price for the crude oil from oil companies and refineries;
- (c) if so, the circumstances which have inspired ONGC to make this new demand;
- (d) whether crude supplied from ONGC wells is of higher quality than imported crude; and
- (e) if so, the details of differential prices expected by ONGC?

**Answer**

Minister of State in the Ministry of Petroleum & Natural Gas and Minister of State in the Ministry of Parliamentary Affairs (Shri Santosh Kumar Gangwar)

(a) to (e): As per the Government Resolution dated 28.3.2002 on dismantling of Administered Pricing Mechanism (APM) in the hydrocarbon sector, the price of indigenous crude oil of Oil & Natural Gas Corporation Ltd. (ONGC) and Oil India Ltd. (OIL) will be market determined with effect from 1.4.2002. However, for a period of two years, these companies are required to supply crude oil to the refineries, based on allocation made for 2001-02 by the erstwhile Oil Coordination Committee (OCC). During the initial two year period, the prices of crude oil will be mutually decided between ONGC and OIL and the refineries, based on international crude oil prices, considering factors like the quality of crude oil and the prevailing fiscal levies, on imported and indigenous crude oil.