

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

UNSTARRED QUESTION NO:3356  
ANSWERED ON:05.02.2004  
SALE OF CRUDE BY ONGC TO OTHER OIL COMPANIES  
UMMAREDDY VENKATESWARLU

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

- (a) whether the Government has directed the ONGC to sell its crude to other PSU oil companies for another year;
- (b) if so, the objectives of this order of the Government; and
- (c) to what extent ONGC is likely to lose profits by not offering its crude in the open market?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRIMATI SUMITRA MAHAJAN)

(a) and (b): There is sizable gap between the domestic production of crude oil and the requirement of domestic refineries. During the Administered Pricing Mechanism (APM) period, many PSU refineries came up taking into consideration domestic crude oil availability. Taking various factors into consideration, it has been decided that the system of allocating domestic crude amongst PSU refineries would need to continue for the time being.

(c): With the dismantling of APM effective 01.04.2002, the pricing of indigenous crude oil of ONGC and OIL has been decontrolled.