

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

STARRED QUESTION NO:492

ANSWERED ON:29.04.2010

VOLATILE OIL PRICES IN THE GLOBAL MARKET

Adsul Shri Anandrao Vithoba; Dharmshi Shri Babar Gajanan

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

- (a) whether India participated at the 12th International Energy Forum meet held recently to review energy supplies to the developing nations;
- (b) if so, the details of the deliberations at the meet and the follow up action taken thereon;
- (c) whether the country is suffering on account of volatile oil prices in the global market;
- (d) if so, the efforts made by the Government to build a consensus among suppliers and buyers of crude oil to maintain stability in the oil market; and
- (e) the success achieved in this regard?

**Answer**

MINISTER IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION No.492 ASKED BY SHRI GAJANAN D. BABAR, M.P. AND SHRI ANANDRAO ADSUL, M.P. TO BE ANSWERED ON 29-04-2010 REGARDING VOLATILE OIL PRICES IN THE GLOBAL MARKET.

(a): Yes, Madam. Hon'ble Minister (Petroleum & Natural Gas) led the Indian delegation to the 12th biennial International Energy Forum (IEF) Ministerial meeting held in Cancun, Mexico from 29-31 March 2010.

(b): The Conference focused on the role of energy in fostering human development, reducing volatility and uncertainty in the global energy markets, reconciling sustainability and security of supply and demand, tackling energy poverty and on the ways for taking the global energy dialogue forward. India reiterated the need to reduce price volatility and uncertainty in the international oil market on efforts to bring stability and transparency in the market. India emphasized the need to put in place an appropriate regulatory mechanism to ensure that unhealthy speculative practices are restrained and absolute transparency is brought to the crude oil markets. India's concerns have been reflected in the Cancun Ministerial Declaration adopted at the Conference as well as in the concluding Statement made by host country, Mexico and co-host countries, Germany and Kuwait.

(c): The high volatility being witnessed in the oil market particularly during the last 5-6 years is a matter of concern to the country. The average price of international crude oil (Indian basket) increased from US\$ 39.21 per barrel in 2004-05 to US\$ 83.57 per barrel in 2008-09 and averaged US\$ 69.76 per barrel in 2009-10. Due to increase in the international oil prices, the country's crude oil import bill grown from Rs.40,030 crore in 1999-2000 to Rs.3,45,815 crore in 2008-09.

(d) & (e): India participated in two Special Ministerial Meetings held in Jeddah in June 2008 and later in London in December 2008. At the Jeddah Meeting, India proposed to the international community adoption of a Price Band Mechanism to shelter the world from volatility and unpredictability in oil prices. Furthermore, India suggested two measures at the London Meeting, first, putting in place a regulatory mechanism to restrain unhealthy speculative practices in crude oil market and, second, long term sale and purchase agreements between the suppliers and buyers for greater stability in the oil prices. There has been growing realization among both producers and consumers of crude oil that a stable energy market, with transparent regulations, is in common interests of all.