

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

UNSTARRED QUESTION NO:3638
ANSWERED ON:12.12.2002
PROPOSAL TO HIKE GAS PRICES
IQBAL AHMED SARADGI

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

- (a) whether the Union Power Ministry and various State Governments have vehemently opposed the proposal to hike gas prices at Rs.4,200 per thousand cubic meters by January 01, 2003 and subsequently to Rs.5,800 per thousand cubic from April, 2003;
- (b) if so, the main reasons for the objections of the Union Power Ministry and various States; and
- (c) to what extent the Government has dropped the proposal in view of the great opposition?

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)&(b) Yes, Sir. The main objections raised by Union Power Ministry and some State Governments has been that increase in the natural gas prices would lead to increase in the cost of production of power. It will be difficult to realize the higher power tariff from the consumers by the State Electricity Boards which are already under serious financial crisis. Increase in the gas price will have cascading effect in agriculture and other sectors of economy.

(c) No decision in the matter has been taken.