

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

UNSTARRED QUESTION NO:733

ANSWERED ON:29.07.2010

HIKE IN PRICES OF NATURAL GAS

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

- (a) whether the Government has increased the prices of natural gas recently;
- (b) if so, the details thereof and the reasons therefore;
- (c) whether the hike in prices of natural gas would also lead to a rise in the cost of production of fertilizer and power generation;
- (d) if so, the details thereof;
- (e) the extent to which the gas based industries are likely to be affected by the rise in price of natural gas; and
- (f) the remedial measures proposed to be taken by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI JITIN PRASADA)

(a) & (b): Government has increased the price of natural gas produced by National Oil Companies (NOCs), viz., ONGC & OIL from their nominated blocks and covered under Administered Price Mechanism (APM), w.e.f. 01.06.2010, as below:

Sector	Price after revision
/mscm	\$/mmbtu

Customers	6818	3.82
outside North		
East		

Customers	4091	2.29
in North East		

Note:

1. For conversion US\$1 has been considered as `45
2. The above prices are excluding of royalty & marketing margin.

NOCs were incurring huge under-recoveries in their natural gas business, as cost of production of natural gas has been far higher than the sales realization.

(c) to (e): The impact of increase in APM gas price on power sector is not expected to be substantial as APM gas based power generation is a small component of the total power production in the country. As regards the increase in fertilizers subsidy due to increase in APM price, it is expected to be less than the increase in Central Government's revenue generation due to increase in APM price.

The ratio of natural gas in cost of production varies from industry to industry. As such, it is not possible to calculate the impact of price revision on various gas based industries.

(f) The price of gas produced by NOCs has been brought in line with the market. There is no need for any remedial measures in this regard.