

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

UNSTARRED QUESTION NO:849

ANSWERED ON:29.07.2010

PRICE FIXATION OF OIL AND GAS PRODUCED BY PUBLIC SECTOR OIL COMPANIES

Das Gupta Shri Gurudas;Dhanaplan Shri K. P.;Lingam Shri P.;Reddy Shri Komatireddy Raj Gopal

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

(a) whether the Government has a proposal to do away with the system of administered pricing for the gas produced by State-owned Oil and Natural Gas Corporation (ONGC) and Oil India Ltd. (OIL) in view of the Supreme Courts' affirmation of the Government's powers to control pricing and allocation of natural resources;

(b) if so, the details thereof;

(c) whether the Government has evolved any mechanism to fix the prices of oil and gas produced by the Public Sector Oil Companies as well as the private companies in the field; and

(d) if so, the details thereof?

**Answer**

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

(a) & (b): No, Sir.

(c) & (d): As regards natural gas, there are broadly two pricing regimes in the country - gas priced under Administered Pricing Mechanism (APM) and non-APM or free market gas. The price of APM gas is set by the Government. As regards non-APM/free market gas, this could also be broadly divided into two categories, namely, (i) imported Liquefied Natural Gas (LNG), and (ii) domestically produced gas from New Exploration Licensing Policy (NELP) and pre-NELP fields. The price of LNG imported under term contracts is governed by the Sale & Purchase Agreement (SPA) between the LNG seller and the buyer. The pricing of gas produced under NELP and Pre-NELP fields is governed in terms of the Production Sharing Contract (PSC) signed between the Government & the Contractor. Companies producing crude oil are paid a price corresponding to international price of crude oil.