

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

STARRED QUESTION NO:234

ANSWERED ON:25.11.2010

ALLOCATION OF NATURAL GAS TO NON-CORE INDUSTRIES

Bhadana Shri Avtar Singh;Mahant Dr. Charan Das

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

- (a) whether the gas produced from KG D6 block has been allocated to non-core industries such as merchant/captive power plants in violation of Production Sharing Contract (PSC);
- (b) if so, the details thereof and the reasons therefor;
- (c) the names of non-core sector companies which have received gas from KG-D6 block including captive plants;
- (d) whether the Government proposes to institute an inquiry into such allotments; and
- (e) if so, the details thereof?

Answer

MINISTER OF PETROLEUM & NATURAL GAS(SHRI MURLI DEORA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 234 TO BE ANSWERED ON 25TH NOVEMBER, 2010

(a) to (c): Under the provisions of Production Sharing Contract (PSC) signed between the Government and the New Exploration Licensing Policy (NELP) Contractor, commercial utilization of gas has to be made in accordance with Gas Utilization Policy of the Government. An Empowered Group of Ministers (EGoM) has been constituted to take decisions on commercial utilization of gas produced under NELP. The EGoM has taken decisions regarding allocation of gas to the following sectors in the mentioned order of priority:-

1. Existing gas-based fertilizers plants producing subsidized fertilizers.
2. Existing gas-based LPG plants.
3. Existing gas-based power plants and those to be commissioned in 2009-10, including liquid fuel plants which are now running on liquid fuel and could switch over to natural gas.
4. City Gas Distribution (CGD) entities for supply to domestic & transport sectors.
5. Existing gas-based steel & petrochemicals plants (only for feedstock & not for captive power requirement) and existing refineries.
6. CGD entities for supply to commercial & industrial sector customers consuming up to 50,000 scmd (standard cubic meters per day).
7. Captive power plants.

All allocations of KG D6 gas have been made in accordance with the above-mentioned decisions of EGoM. However, no allocations have been made to captive power plants in view of the prevailing level of production from KG D6 field.

(d) & (e): In view of above, does not arise.