

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

UNSTARRED QUESTION NO:2012  
ANSWERED ON:11.08.2011  
SUBJECT: PRIORITY GAS ALLOCATION FOR CORE SECTOR  
Mani Shri Jose K.

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

- (a) whether owing to the falling gas production from the KG-D6 Basin the Government has called for priority gas allocation for core sector;
- (b) if so, the details thereof
- (c) whether the steel and the sponge-Iron sector has expressed its concern over the Government's prioritizing gas supply from KG-D6 Basin to core sectors only, denying steel and sponge iron sector, as the heavy investments made in these sectors will be jeopardised as a result of this move; and
- (d) if so, the reaction of the Government thereto?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI R.P.N SINGH)

(a) & (b): The production of gas from KG D6 field was envisaged to go upto 60 million standard cubic meter per day (mmscmd) but when the production went down to 50 mmscmd the contractor was directed to supply KG D6 gas the full firm allocation to core-sectors, namely, Fertilizers, L.P.G., Power and City Gas Distribution (Domestic & transport), apart from the gas needed for pipeline operation.

(c) & (d): M/s Welspun Maxsteel Ltd. and M/s Ispat Industries have challenged the decision of the Government before Hon'ble Bombay High Court. Hon'ble High Court vide its judgment dated 08.07.2011 has upheld the policy of the Government. Another case filed by M/s Essar Steel Ltd. on similar issue is pending before Hon'ble Delhi High Court.