

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

UNSTARRED QUESTION NO:1527

ANSWERED ON:22.03.2012

MARKETING MARGINS FOR SALE OF GAS

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

- (a) whether the Government has moved and asked the oil regulator PNGRB to work out marketing margins for gas sold by Reliance Industries Limited (RIL) and others;
- (b) if so, the details thereof;
- (c) whether several State run firms including Gas Authority of India Limited (GAIL) is charging marketing margin to cover cost and risk;
- (d) if so, the details of the marketing margin being charged by them since it has been in force;
- (e) whether the levy of marketing margins is an industry practice and is purely a matter between buyers and sellers; and
- (f) if so, whether the Governments intervention will amount to violating of provisions of Production Sharing Contracts and interfering in commercial arrangements?

Answer

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

(a) & (b): Ministry of Petroleum & Natural Gas referred the issue of marketing margin applicable on sale of natural gas by any marketer to the Petroleum and Natural Gas Regulatory Board (PNGRB) under section 11(j) of PNGRB Act, 2006 which will determine the quantum of Marketing Margin chargeable on the sale of natural gas to end consumers by a marketing entity, on the basis of the marketing costs incurred by it.

(c) & (d): Yes, Madam. GAIL (India) Ltd. is charging marketing margin on sale of gas. The details are as below:

Gas Type Amount

APM and Non-APM produced Rs. 200/ Thousand
from nominated blocks standard cubic meters
of ONGC & OIL (MSCM)

PMT gas Rs. 9.26/
Million British
Thermal Unit (MMBTU)

Ravva Satellite Rs. 9.26/ MMBTU

Focus Energy Rs. 9.26/MMBTU

Ramnad (MDP gas Rs. 364/MSCM
T
Cauvery Basin)

ripura (MDP gas Tripura Rs. 330/MSCM
Region)

PY-I (HOEC-PPM) Rs. 5.65/MMBTU

RLNG (Including Spot) Rs. 9.723/MMBTU

In addition to GAIL, ONGC & OIL charges marketing margin of Rs. 200/SCM from customers directly supplied gas by them from their

nominated blocks.

(e): The issue of marketing margin charged by a gas marketer has been referred to PNGRB for determination and all parties will have to abide by the decision of PNGRB.

(f): The issue of marketing margin charged by marketing companies has been referred to PNGRB under section 11(j) of the PNGRB Act.