

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

STARRED QUESTION NO:278
ANSWERED ON:15.03.2013
PRICES OF NATURAL GAS
Mahajan Smt. Sumitra

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

- (a) the details of the various major pricing regimes for natural gas in the country vis-à-vis mechanism in place for determination of prices of natural gas in various States/UTs in each of the pricing regimes;
- (b) the reasons for the disparity in the prices of natural gas in various States/UTs under each of the pricing regimes and its impact on industrial production in various States; and
- (c) the effective measures taken/proposed to be taken by the Government to implement uniform rate of natural gas in all the States across the country?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (DR. M. VEERAPPA MOILY)

(a) to (c) A statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (c) OF LOK SABHA STARRED QUESTION NO.278 TO BE ANSWERED ON 15.03.2013 REGARDING PRICES OF NATURAL GAS

(a) & (b) At present, there are broadly four major pricing regimes for domestic gas in the country – gas priced under Administrative Pricing Mechanism (APM), Pre-NELP, non-APM and NELP (New Exploration Licensing Policy). The price of APM & non-APM gas is fixed by the Government. As regards NELP & pre-NELP gas, its pricing is governed in terms of the Production Sharing Contract (PSC) signed between the Government & the Contractor. As far as imported gas is concerned, the price of LNG imported under term contracts is governed by the Sale & Purchase Agreement (SPA) between the LNG seller and the buyer; the spot cargoes are purchased on mutually agreeable commercial terms. The Non-APM gas prices have been prescribed in different regions as below based on delivered price of dominant non-APM gas in that region:

(i) Western & Northern Zone- \$ 5/MMBTU

(ii) Southern Zone- KG Basin- \$ 4.5/MMBTU

(iii) Cauvery Basin- \$ 4.75/MMBTU

(iv) North-East Region- \$ 4.2/MMBTU

Further, a premium of \$ 0.25/MMBTU has been allowed for production from offshore fields. In addition, the price of APM gas supply to APM consumers in North-Eastern States is subsidized by 40%.

(c) A Committee was constituted under Chairmanship of Dr.C. Rangarajan, Chairman, PM's Economic Advisory Council (EAC) to review among other things the basis for determining price of domestically produced natural gas.

The recommendations of the Committee can be viewed/downloaded from the official website of the Economic Advisory Council to the Prime Minister <http://eac.gov.in/>. The recommendations of the Committee are under consideration of the Government.