

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

UNSTARRED QUESTION NO:3182  
ANSWERED ON:15.03.2013  
RETAIL PRICING OF NATURAL GAS  
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**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

- (a) whether certain norms have been fixed for retail pricing of natural gas in the country;
- (b) if so, the details thereof;
- (c) the prescribed profit ratio for the gas producing companies for production of gas;
- (d) whether various gas producing companies in the country sell gas to consumer at different rates; and
- (e) if so, the details thereof and the reasons therefor?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SMT. PANABAAKA LAKSHMI)

(a) & (b) At present, there are broadly three major pricing regimes for domestic gas in the country – gas priced under Administrative Pricing Mechanism (APM) & non-APM, Pre-NELP 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 Liquefied Natural Gas (LNG) is concerned, the price of LNG imported under term contracts is governed by the Sale & Purchase Agreement (SPA) between the LNG seller and buyer. The spot cargos are purchased on mutually agreeable commercial terms. The retail price of PNG/CNG in any city is fixed by the CGD entity operating in the city. The price of PNG/CNG is a function of the weighted, average of the price of the gas (domestic gas/RLNG/spot LNG), operating expenses, various Central, State and local taxes and levies and it varies from entity to entity.

(c) The parties to the contract share in profit gas in accordance with provision of Production Sharing Contract (PSC). A Party's share of gas is calculated on the basis of Investment Multiple (IM) actually achieved by contractor at the end of preceding year for the contract (IM is equal to net aggregate income divided by net aggregate investment).

(d) & (e) The prices of non-APM gas is different for different regions. In addition the price of APM gas supply to APM consumers in North-Eastern States is subsidized by 40%. Moreover, the landed cost of gas which includes transportation charges varies from customer to customer on this account also. The price of domestic gas from different gas sources is annexed.